



INVESTMENT ADVISORY COMMITTEE AGENDA

Monday, July 22, 2019 at 10:00 AM

Executive Conference Room, Level Three
Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CHAIR: Mayor Christine Marick
ALTERNATE: Mayor Pro Tem Marty Simonoff

Materials related to an item on this agenda submitted to the Investment Advisory Committee after distribution of the agenda packet are available for public inspection in the third floor lobby of the Civic and Cultural Center at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

CALL TO ORDER / ROLL CALL

1. Matters from the Audience

CONSENT

2. Approval of Action Minutes for April 22, 2019 Meeting

Attachments

Minutes

DISCUSSION

3. Review Quarterly Investment Report Period Ending June 30, 2019 from Chandler Asset Management - Presentation by Bill Dennehy

Attachments

Investment Report

4. Review of PARS Post Employment Benefit Trust Investment Report for Period Ending June 30, 2019 by PARS and HighMark Capital Management

Attachments

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

Report

5. Monthly Report of Investments for the City of Brea for Period Ending June 30, 2019

Attachments

Attachment A

6. Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ending June 30, 2019

Attachments

Attachment A

7. Review the Investment Policy Guidelines for the City of Brea's Employee Benefit Fund Pension Plan

Attachments

Attachment A - Draft Investment Policy

8. City of Brea/Successor Agency to the Brea Redevelopment Agency Statement of Investment Policy

Attachments

Current Investment Policy - Adopted 8/21/18

Recommended Changes - REDLINED version

Draft Investment Policy - Clean Version

9. Annual update to City Council: August 20 at 7:00 PM.

Schedule Next Meeting: October 28, 2019.

cc: Council Member Cecilia Hupp
Council Member Glenn Parker
Council Member Steven Vargas

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

City of Brea

COMMUNICATION

TO: Honorable Chair and Members
FROM: Bill Gallardo
DATE: 07/22/2019
SUBJECT: Approval of Action Minutes for April 22, 2019 Meeting

Attachments

Minutes



INVESTMENT ADVISORY COMMITTEE MEETING MINUTES

Monday, April 22, 2019

10:00 AM

Executive Conference Room, Level Three
Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CALL TO ORDER / ROLL CALL

ATTENDEES: Marty Simonoff, Scott Fujioka, Ho-El Park, Gary Terrazas, Cindy Russell, Faith Madrazo, and Ana Conrique

OTHER ATTENDEES: Bill Dennehy (Chandler), Mia Corral (Chandler)

1. Matters from the Audience – *None*.

CONSENT

2. Approval of Action Minutes for January 28, 2019 Meeting – *Approved with date correction on item #5.*

DISCUSSION

3. Review Quarterly Investment Report Period Ending March 31, 2019 from Chandler Asset Management - Presented by Bill Dennehy – *The Committee reviewed the quarterly report as presented and recommended to receive and file.*
4. Monthly Report of Investments for the City of Brea for Period Ending March 31, 2019 – *Recommended for City Council approval.*
5. Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ending March 31, 2019 – *Recommended for City Council approval.*

Schedule Next Meeting: Monday, July 22, 2019

City of Brea

COMMUNICATION

TO: Honorable Chair and Members

FROM: Bill Gallardo

DATE: 07/22/2019

SUBJECT: Review Quarterly Investment Report Period Ending June 30, 2019 from Chandler
Asset Management - Presentation by Bill Dennehy

Attachments

Investment Report

City of Brea

Period Ending June 30, 2019

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | www.chandlerasset.com



SECTION 1	Economic Update
SECTION 2	Account Profile
SECTION 3	Portfolio Holdings
SECTION 4	Transactions



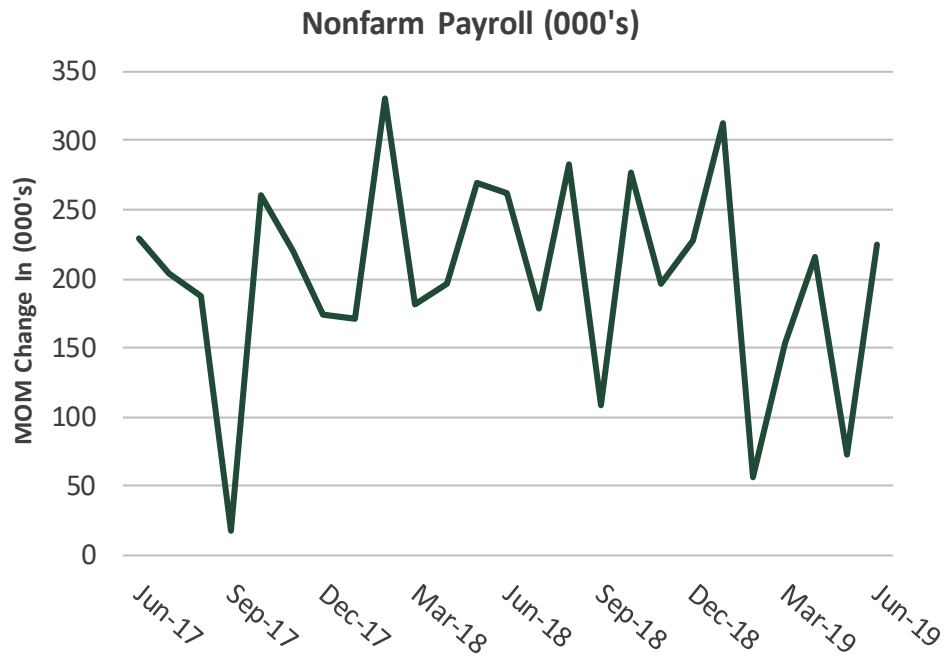
Section 1 | Economic Update

Economic Update

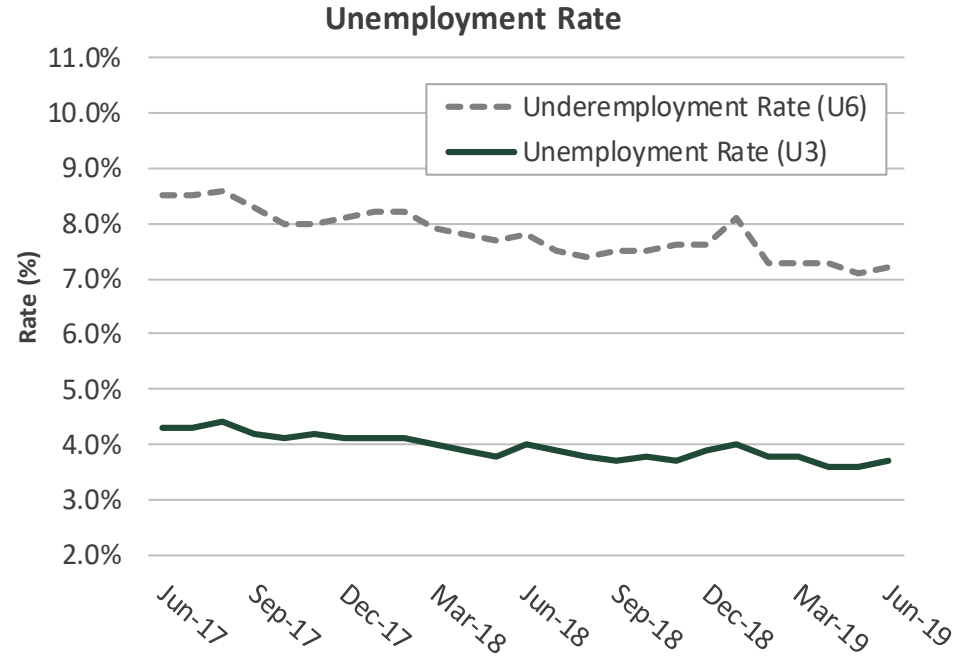
- In our view, US domestic economic data remains consistent with a slow growth environment; the US labor market is strong, wages are growing modestly, and inflation remains contained. However, headwinds to the economy have increased. Ongoing global trade disputes, slowing global economic growth, an uncertain outlook for Brexit, and geopolitical tensions have made the outlook uncertain. The trajectory of economic growth is likely to hinge on the outcome of ongoing trade negotiations as well as policy action by the major global central banks. We believe there is a high level of political pressure to make progress toward a trade agreement with China before the election cycle heats up this fall. We also believe a dovish collective stance by major global central banks should help to combat the headwinds to global economic growth.
- The Federal Open Market Committee (FOMC) kept the target fed funds rate unchanged in June at a range of 2.25%-2.50%. In the policy statement, the Fed noted that market-based measures of inflation have declined and uncertainties about the economic outlook have increased. With regard to future policy adjustments, the Fed removed the word “patient” from the policy statement, and indicated they are prepared to act as appropriate to incoming data in order to sustain the economic expansion. The Fed did not make any changes to their balance sheet normalization program, and the runoff remains on track to end in September. There was one dissenting vote amongst the FOMC members, James Bullard, who was in favor of lowering the fed funds rate by 25 basis points.
- Treasury yields declined further in June. At month-end, the 3-month T-bill yield was down 25 basis points to 2.09%, the 2-year Treasury yield was down 17 basis point to 1.76%, and the 10-year Treasury yield was down 12 basis points to 2.01%. An inversion of the yield curve in which the 10-year Treasury yield is lower than the 3-month T-bill yield is generally viewed as a powerful predictive signal of an upcoming recession. Although our 6-month forecast does not call for a recession, we believe downside risks to the economy are building. Notably, sovereign 10-year bond yields around the world were under pressure in June and the yields on both the 10-year German Bund and 10-year Japanese Government Bond remained negative at month-end.

Source: Bloomberg

Employment



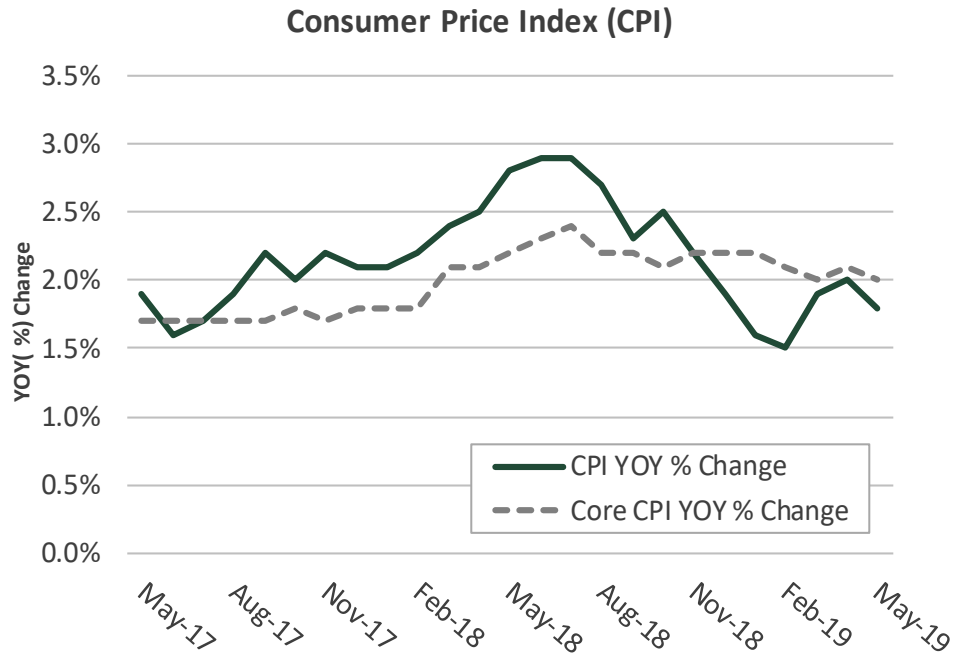
Source: US Department of Labor



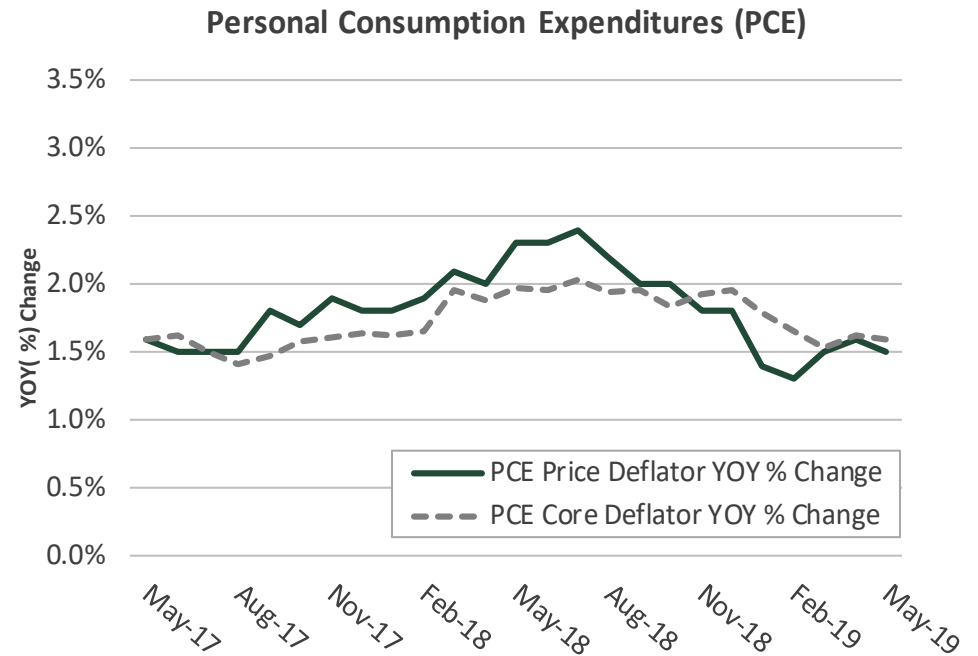
Source: US Department of Labor

U.S. nonfarm payrolls rose by 224,000 in June, well above the consensus forecast of 165,000. April and May payrolls were revised down by a total of just 11,000. On a trailing 3-month basis payrolls increased an average of 171,000, more than enough to absorb new entrants into the labor market. The unemployment rate ticked up to 3.7% in June from 3.6% in May as the participation rate also increased to 62.9% from 62.8%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, also edged up to 7.2% in June from 7.1% in May. Wages rose 0.2% in June (slightly below expectations), following and upwardly revised 0.3% increase in May. On a year-over-year basis, wages were up 3.1% in June, versus up 3.2% in May.

Inflation



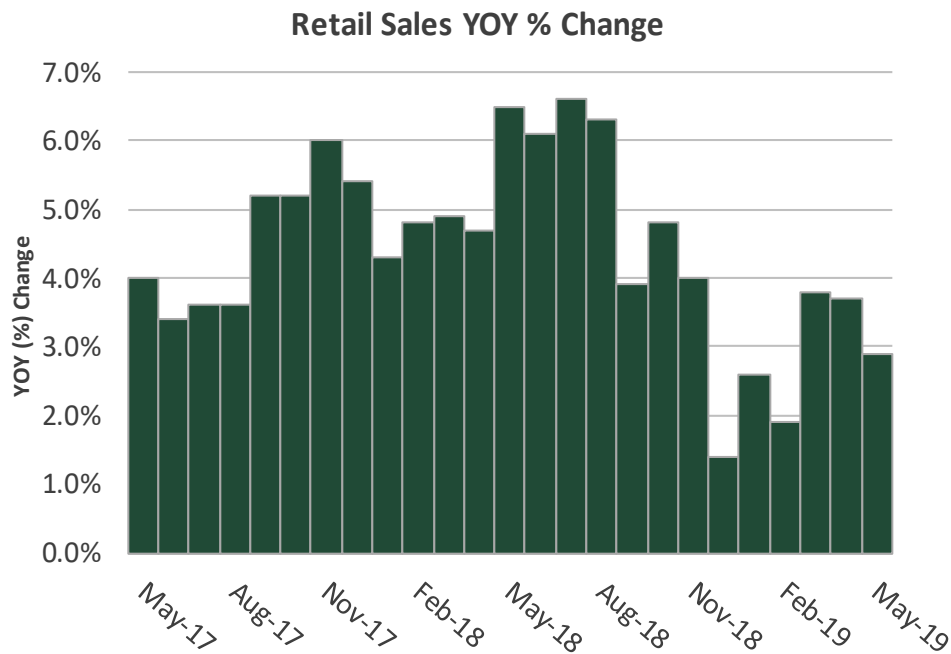
Source: US Department of Labor



Source: US Department of Commerce

The Consumer Price Index (CPI) was up just 1.8% year-over-year in May, versus up 2.0% year-over-year in April. Core CPI (CPI less food and energy) was up 2.0% year-over-year in May, versus up 2.1% year-over-year in April. The Personal Consumption Expenditures (PCE) index was up 1.5% year-over-year in May, versus up 1.6% year-over-year in April. Core PCE, which is the Fed's primary inflation gauge, was up 1.6% year-over-year in May, unchanged from April, remaining below the Fed's 2.0% inflation target.

Consumer



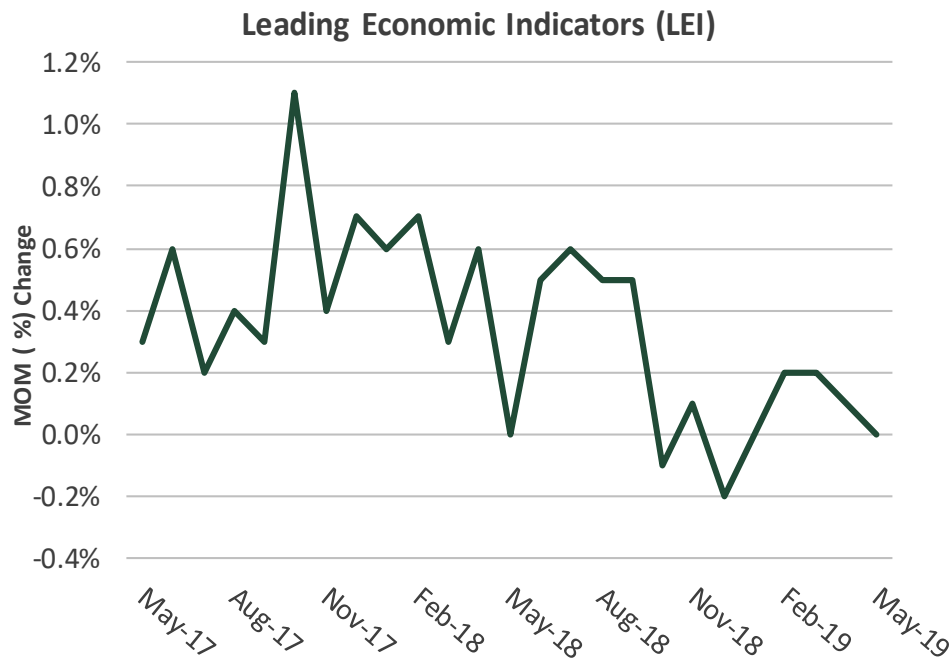
Source: US Department of Commerce



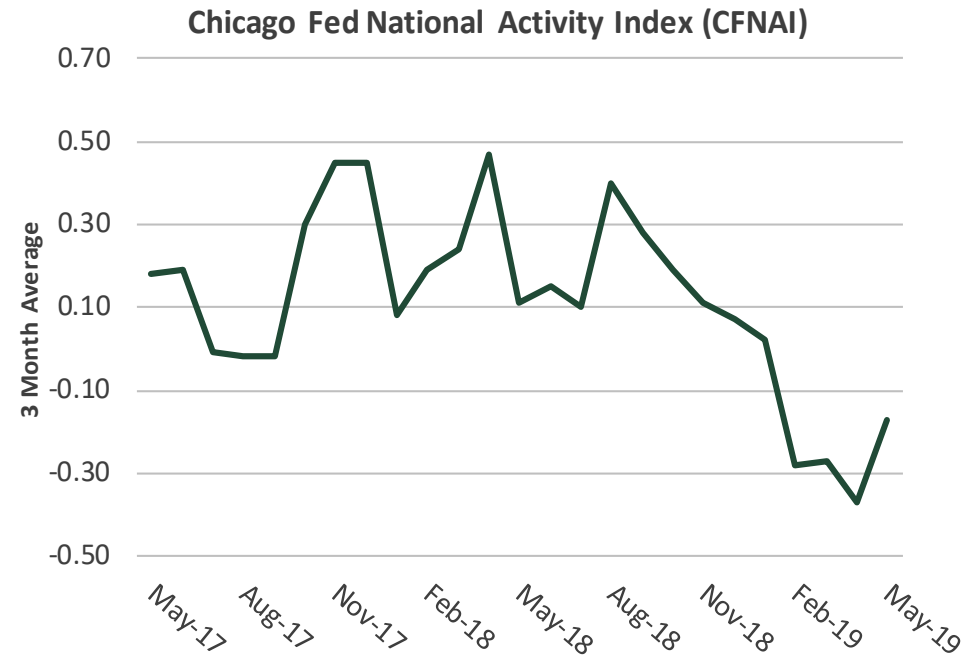
Source: The Conference Board

On a year-over-year basis, retail sales were up 3.2% in May, versus up 3.7% year-over-year in April. On a month-over-month basis, retail sales increased 0.5% in May, and sales growth for April was revised up to 0.3% from -0.2%. Retail sales excluding autos and gas were up 0.5% in May, better than expectations of 0.4%. Solid growth in May, and upward revisions to April, indicate that consumer spending trends remain favorable. The Consumer Confidence Index declined to 121.5 in June from 131.3 in May, falling below expectations, largely driven by concerns regarding the escalation in trade and tariff tensions. Despite the sharp decline in confidence in June, the index remains strong relative to longer-term historical levels.

Economic Activity



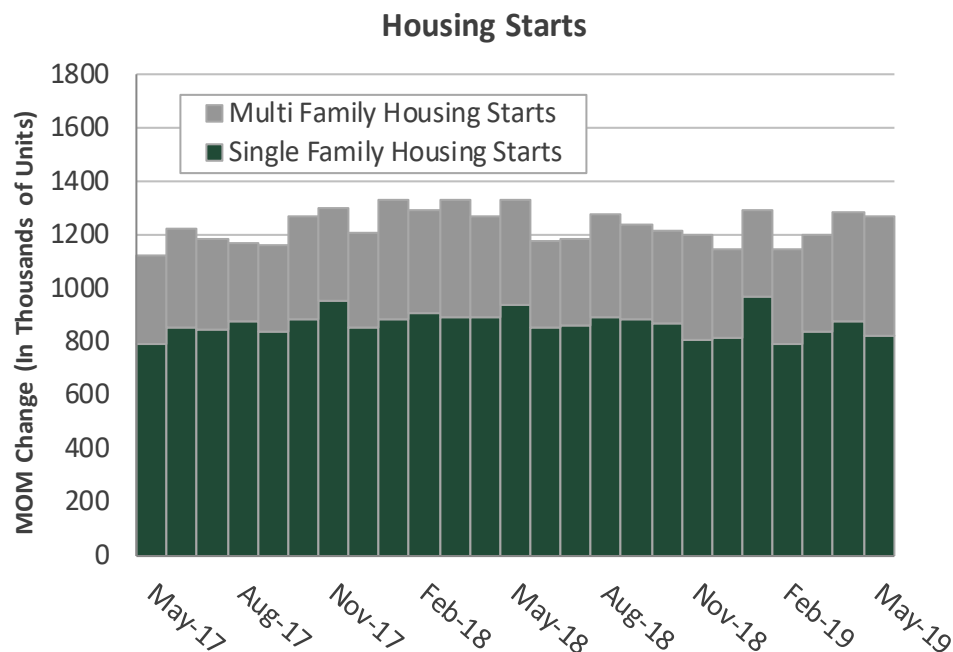
Source: The Conference Board



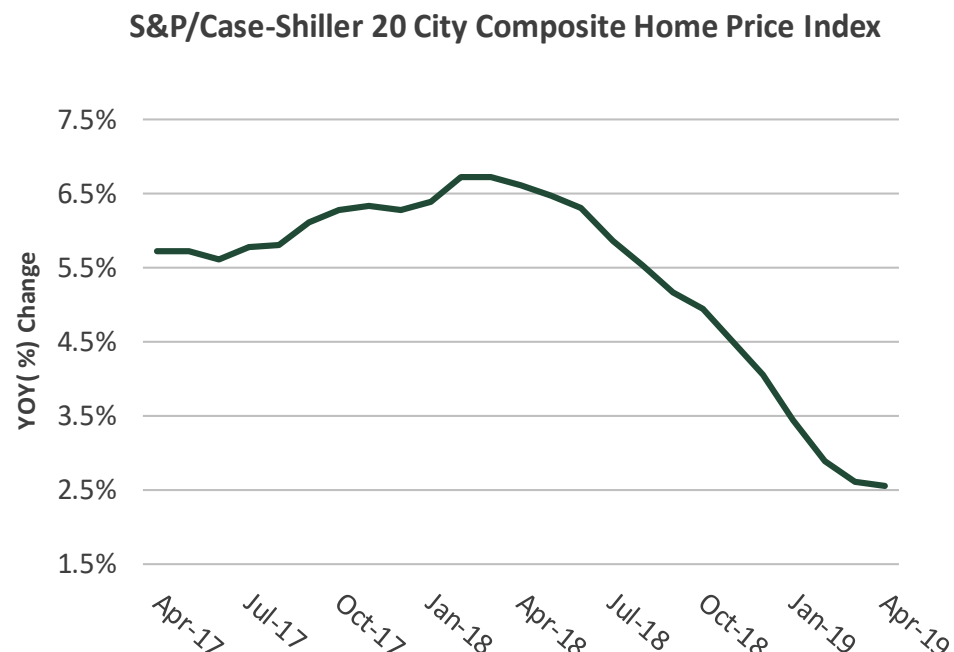
Source: Federal Reserve Bank of Chicago

The Leading Economic Index (LEI) was flat in May, on a month-over-month basis, following a 0.1% increase in April. The Conference Board believes that the economy will continue to grow but the pace of growth is likely to moderate to 2% by year-end. The Chicago Fed National Activity Index (CFNAI) improved to -0.05 in May from -0.48 in April. On a 3-month moving average basis, the index improved to -0.17 from -0.37. The CFNAI suggests that the economy is slowing but is not indicative of a recession. Negative values are generally consistent with below-average growth. Periods of economic contraction have historically been associated with values below -0.70 on a 3-month moving average basis.

Housing



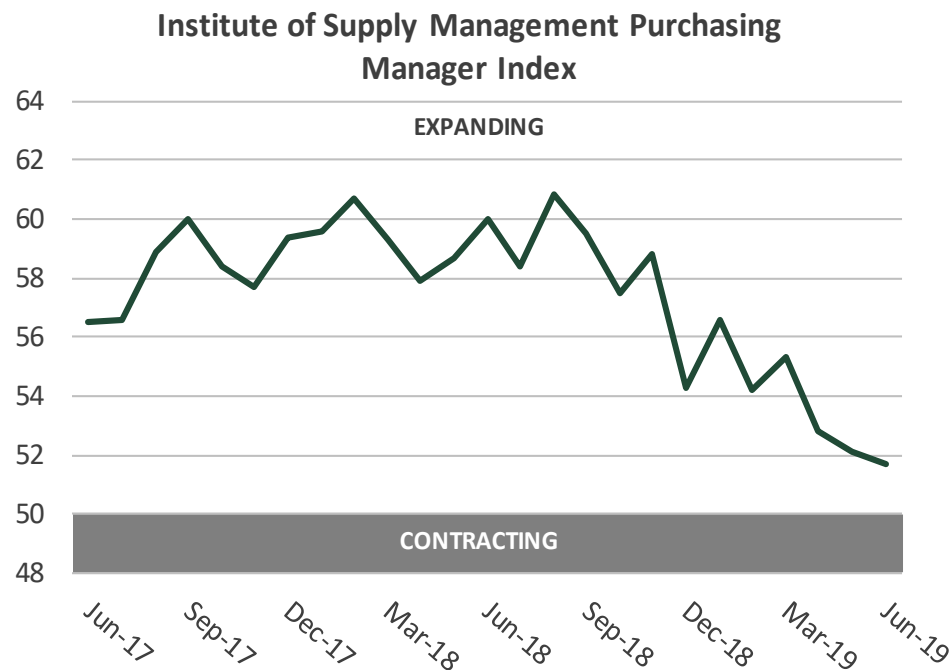
Source: US Department of Commerce



Source: S&P

Housing starts were stronger than expected in May, down slightly to a 1.269 million annual rate from an upwardly revised annual rate of 1.281 million in April. Multi-family starts jumped 10.9% to an annualized rate of 449,000, but single-family starts fell 6.4% to an annualized rate of 820,000. On a year-over-year basis, total housing starts were down 4.7% in May. According to the Case-Shiller 20-City home price index, home prices were up just 2.5% year-over-year in April, versus up 2.6% in March. The year-over-year pace of growth is at a 7-year low.

Manufacturing



Source: Institute for Supply Management



Source: Federal Reserve

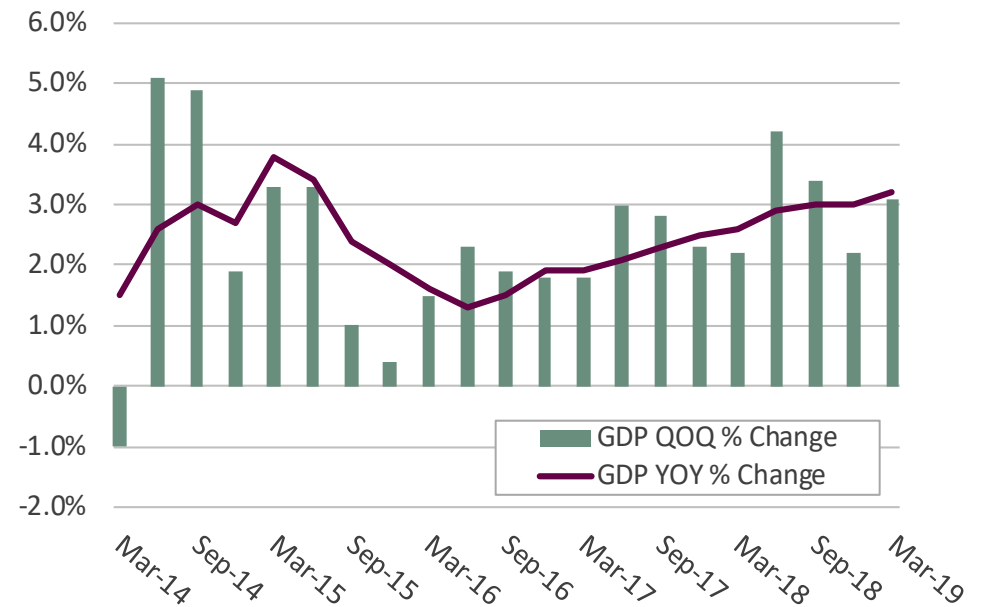
The Institute for Supply Management (ISM) manufacturing index decreased to 51.7 in June from 52.1 in May. The June reading was slightly better than expected but still came in at the lowest level since October 2016. Nevertheless, a reading above 50.0 suggests the manufacturing sector is expanding. The Industrial Production index was up 2.1% year-over-year in May versus up 0.9% year-over-year in April. On a month-over-month basis, production was up 0.4%, exceeding the consensus forecast of 0.2%. The manufacturing component of the index increased 0.2% in May, after declining 0.5% in April. Capacity Utilization increased to 78.1% in May from 77.9% in April, but remains below the long-run average of 79.8% indicating there is still excess capacity for growth.

Gross Domestic Product (GDP)

Components of GDP	6/18	9/18	12/18	3/19
Personal Consumption Expenditures	2.6%	2.4%	1.7%	0.6%
Gross Private Domestic Investment	-0.1%	2.5%	0.7%	1.1%
Net Exports and Imports	1.2%	-2.0%	-0.1%	0.9%
Federal Government Expenditures	0.2%	0.2%	0.1%	0.0%
State and Local (Consumption and Gross Investment)	0.2%	0.2%	-0.1%	0.5%
Total	4.2%	3.4%	2.2%	3.1%

Source: US Department of Commerce

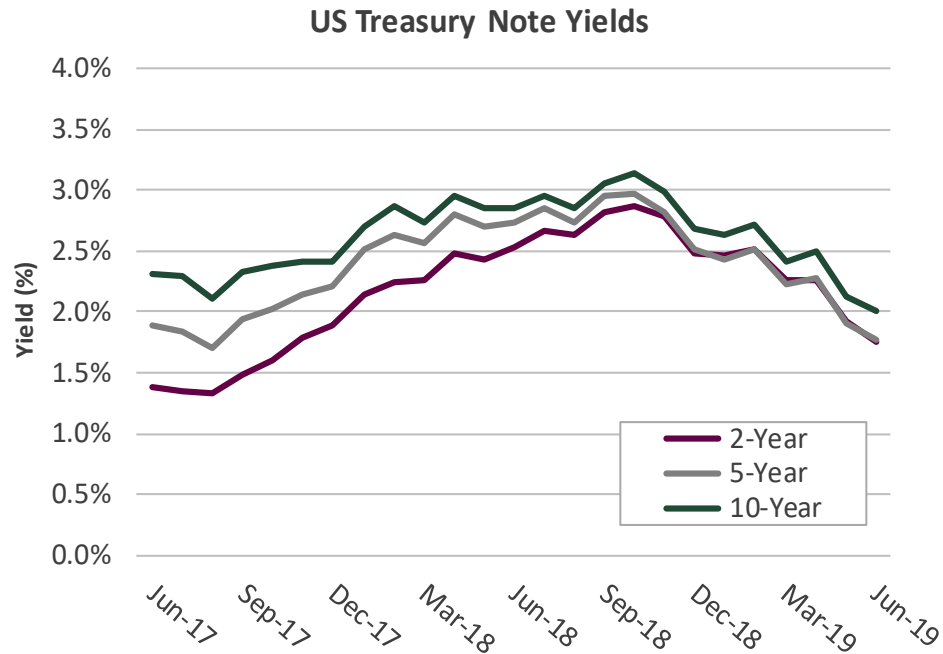
Gross Domestic Product (GDP)



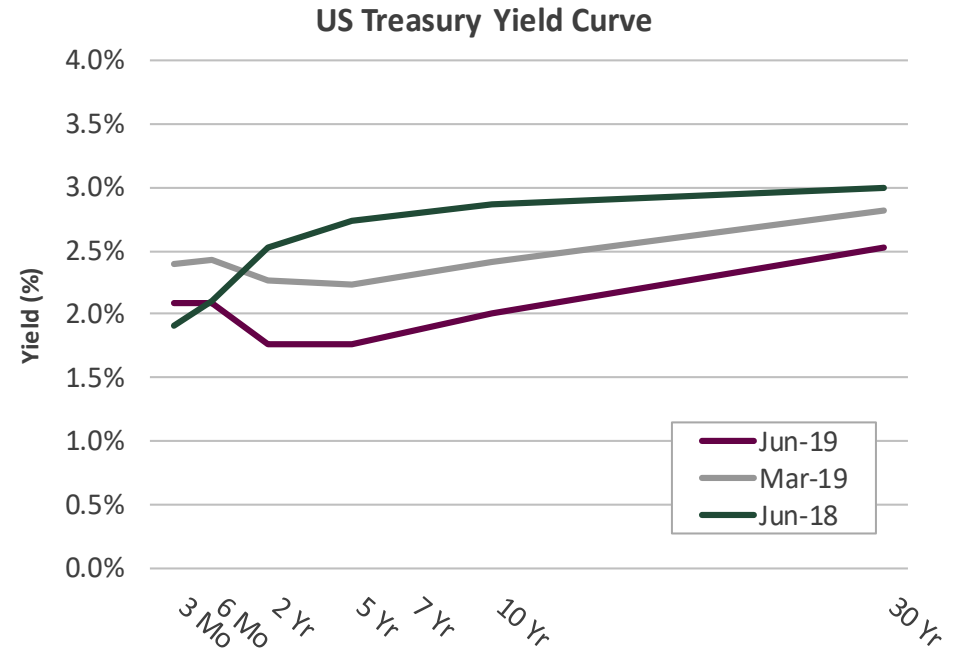
Source: US Department of Commerce

According to the third estimate, first quarter GDP grew at an annualized pace of 3.1%, unchanged from the second estimate and in line with the consensus. Despite the government shutdown and ongoing global trade disputes, GDP growth accelerated in the first quarter from 2.2% in the fourth quarter. Net exports and state and local government spending advanced in the first quarter, while consumer spending and business investment moderated. Residential investment contracted in the quarter. The consensus estimate for second quarter GDP growth is 1.8%. Overall, the consensus view calls for GDP growth of 2.5% this year versus 2.9% last year, which is consistent with moderate economic growth.

Bond Yields



Source: Bloomberg



Source: Bloomberg

The shape of the Treasury yield curve has changed significantly on a year-over-year basis. As of month-end in June, the 3-month T-bill yield was up nearly 18 basis points, the 2-Year Treasury yield was down 77 basis points, and the 10-Year Treasury yield was down nearly 86 basis points, year-over-year. The current shape of the yield curve implies that market participants are pricing-in multiple rate cuts. We believe the decline in long-term Treasury yields reflects a high level of market participants' nervousness about the outlook for global economic growth and a decline in global inflation expectations.



Section 2 | Account Profile

Investment Objectives

The City of Brea and the Successor Agency to the Brea Redevelopment Agency's investment objectives, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program.

Chandler Asset Management Performance Objective

The performance objective for both accounts is to achieve a rate of return over a market cycle that equals or exceeds the return on a market index of similar duration and sector allocation.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

City of Brea

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy

Category	Standard	Comment
Treasury Issues	No limitations	<i>Complies</i>
US Agencies	25% per issuer	<i>Complies</i>
Supranationals	"AA" rated by a NRSRO; 15% maximum; 5% max per issuer	<i>Complies</i>
Municipal Securities	5% max issuer	<i>Complies</i>
Banker's Acceptances	40% maximum; 5% max issuer; 180 days max maturity	<i>Complies</i>
Commercial Paper	A-1/P-1 by S&P and Moody's; 25% maximum; 5% max per issuer; 270 days max maturity	<i>Complies</i>
Certificates of Deposit(CDs)/ Time Deposits (TDs)	5% max issuer; FDIC Insured and/or Collateralized	<i>Complies</i>
Negotiable CDs	30% maximum; 5% max per issuer	<i>Complies</i>
Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer	<i>Complies</i>
Pass Through Securities, Asset-Backed Securities (ABS), CMOs	"AA" or higher by a NRSRO; "A" rated issuer by a NRSRO; 20% maximum (combined), 10% maximum (ABS); 5% max per issuer; CMOs must pass FFIEC test	<i>Complies</i>
Money Market Funds	Highest rating by two NRSROs; 20% maximum; 5% max per fund	<i>Complies</i>
LAIF	40%;<60%, with OCIP	<i>Complies</i>
OCIP	40%;<60%, with LAIF	<i>Complies</i>
Repurchase Agreements	5% max issuer; 1 year max maturity	<i>Complies</i>
Range notes	Prohibited	<i>Complies</i>
Interest-only strips	Prohibited	<i>Complies</i>
Zero interest accruals	Prohibited	<i>Complies</i>
Agency Callable notes	5% maximum	<i>Complies</i>
Max Per Issuer	5% per issuer for all non government issuers and agencies	<i>Complies</i>
Maximum Maturity	5 years	<i>Complies</i>

City of Brea

	6/30/2019	3/31/2019
	Benchmark*	Portfolio
Average Maturity (yrs)	2.65	2.73
Average Modified Duration	2.53	2.50
Average Purchase Yield	n/a	2.19%
Average Market Yield	1.78%	2.44%
Average Quality**	AAA	AA/Aa1
Total Market Value		75,249,275
		59,011,378

*ICE BAML 1-5 Yr US Treasury/Agency Index

**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

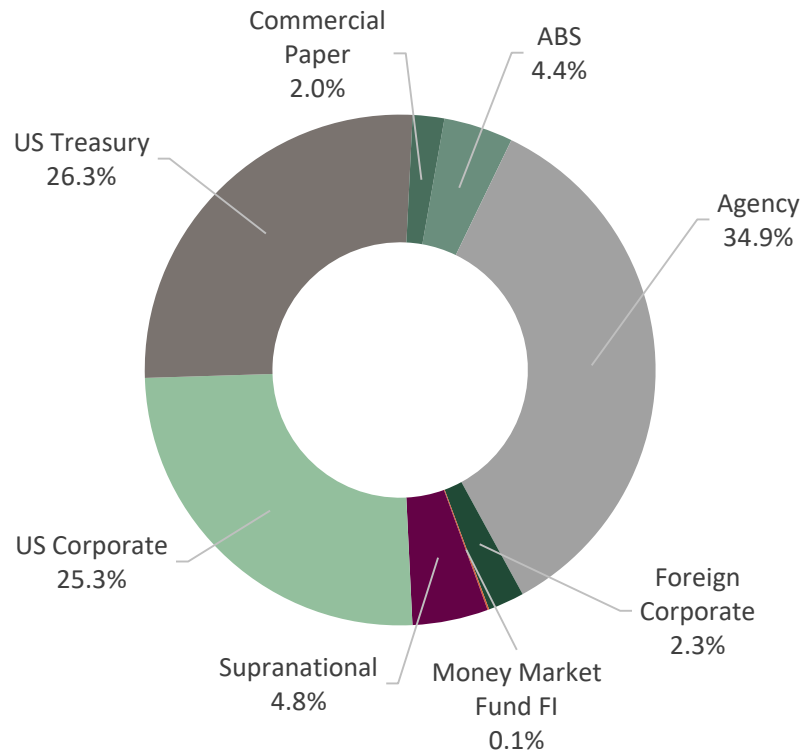
Many securities were purchased across the Treasury, Agency, Commercial Paper, and Corporate sectors of the market to keep the portfolio positioning consistent with Chandler targets. The purchased securities ranged in maturity from May 2019 to June 2024. Several securities were sold and four matured, in addition to a \$15 million contribution during the quarter, leading to the higher than normal transaction volume in the portfolio.

Sector Distribution

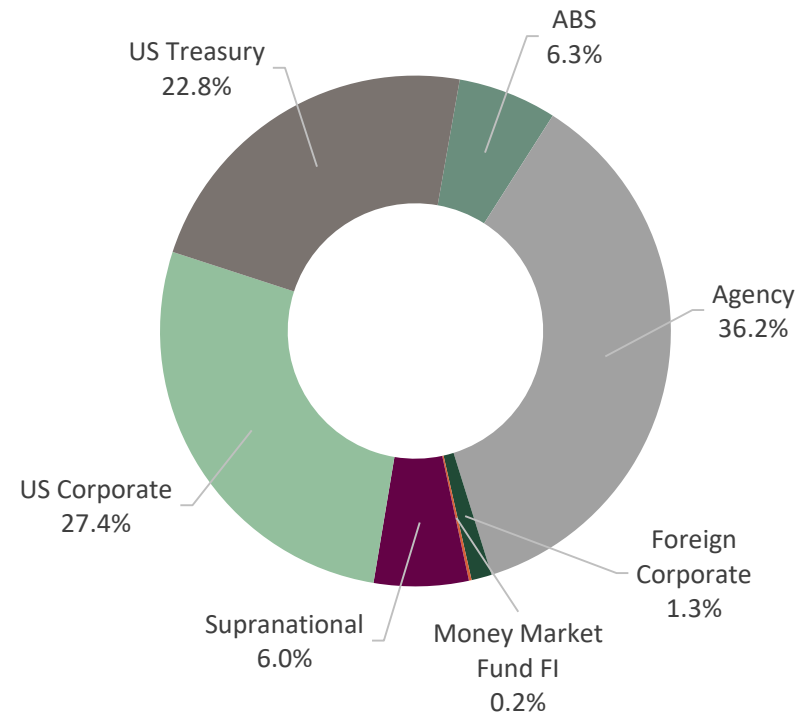
As of June 30, 2019

City of Brea

June 30, 2019



March 31, 2019



City of Brea – Account #120

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	26.31%
Federal National Mortgage Association	Agency	15.95%
Federal Home Loan Bank	Agency	13.40%
Federal Home Loan Mortgage Corp	Agency	5.55%
Inter-American Dev Bank	Supranational	4.20%
MUFG Bank Ltd/NY	Commercial Paper	1.98%
Bank of New York	US Corporate	1.47%
American Express ABS	ABS	1.39%
Honda Motor Corporation	US Corporate	1.37%
Toronto Dominion Holdings	Foreign Corporate	1.32%
Deere & Company	US Corporate	1.32%
IBM Corp	US Corporate	1.27%
JP Morgan Chase & Co	US Corporate	1.26%
Wal-Mart Stores	US Corporate	1.26%
Bank of America Corp	US Corporate	1.25%
State Street Bank	US Corporate	1.25%
Microsoft	US Corporate	1.22%
Apple Inc	US Corporate	1.21%
PNC Financial Services Group	US Corporate	1.21%
Exxon Mobil Corp	US Corporate	1.17%
John Deere ABS	ABS	1.16%
Honda ABS	ABS	1.09%
Oracle Corp	US Corporate	1.07%
Chubb Corporation	US Corporate	1.07%
Paccar Financial	US Corporate	1.06%
Charles Schwab Corp/The	US Corporate	1.02%
Toyota Motor Corp	US Corporate	1.02%
Qualcomm Inc	US Corporate	1.00%
Wells Fargo Corp	US Corporate	0.98%
Royal Bank of Canada	Foreign Corporate	0.94%
Boeing Company	US Corporate	0.65%
Costco Wholesale Corporation	US Corporate	0.62%
General Dynamics Corp	US Corporate	0.56%
International Finance Corp	Supranational	0.55%
US Bancorp	US Corporate	0.53%
Nissan ABS	ABS	0.45%
Home Depot	US Corporate	0.44%
Toyota ABS	ABS	0.32%

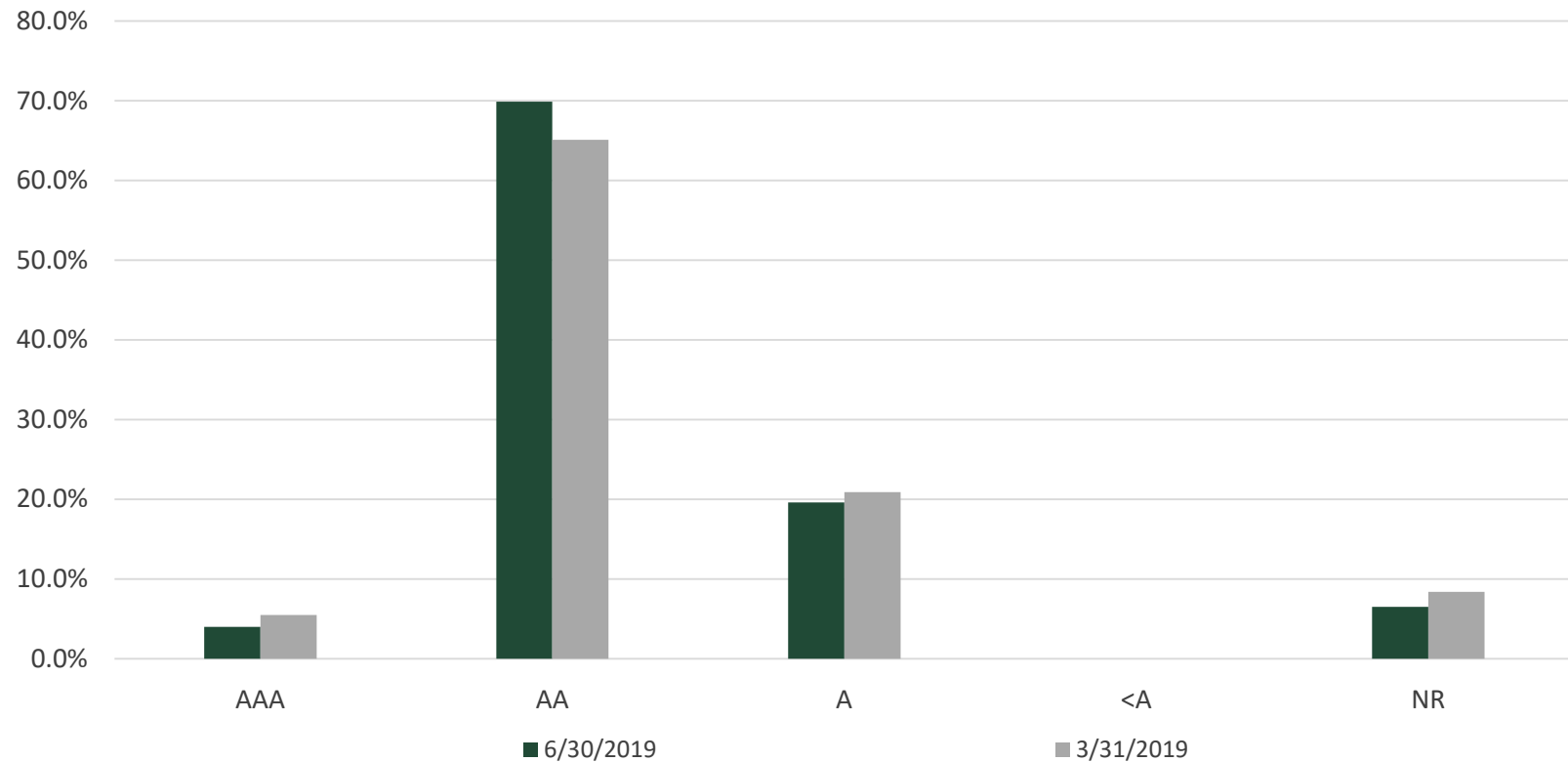
City of Brea – Account #120

Issue Name	Investment Type	% Portfolio
Fidelity Institutional Treasury Portfolio	Money Market Fund FI	0.09%
TOTAL		100.00%

Quality Distribution

As of June 30, 2019

City of Brea
June 30, 2019 vs. March 31, 2019



	AAA	AA	A	<A	NR
06/30/19	4.0%	69.9%	19.6%	0.0%	6.5%
03/31/19	5.5%	65.1%	20.9%	0.0%	8.4%

Source: S&P Ratings

Sector Commentary

Agency

- Agency spreads have been trading in a tight range over the past several months and the Chandler outlook calls for more of the same.
- The market is modestly bifurcated, with the higher amount of supply from FHLB leading to slightly more attractive spreads compared to FHLMC and FNMA.
- In early July FNMA issued a new five-year security with a spread of +9 to the five-year Treasury note. FHLMC has not issued a fixed rate benchmark bullet security over 250mm in par since June 2018.
- Despite some of the ongoing rhetoric in Washington DC, the Chandler team expects FNMA and FHLMC to remain in conservatorship over an intermediate time horizon.

Investment Grade Credit

- Pockets of value remain in select investment grade credit sectors but spreads overall have narrowed materially over the past six months.
- The Chandler team is forecasting spreads in the high-quality segment of the credit sector to trade in a range over the summer months and the team will continue to focus on relative value when adding exposure to the sector.

Asset Backed

- Spreads in the sector remain reasonable and the Chandler team continues to look to opportunistically add exposure in the sector.
- Recently activity has been on the low side across Chandler strategies as portfolios have been focused on adding exposure inside of six months and beyond four years, which is not readily available in the Asset Backed sector.

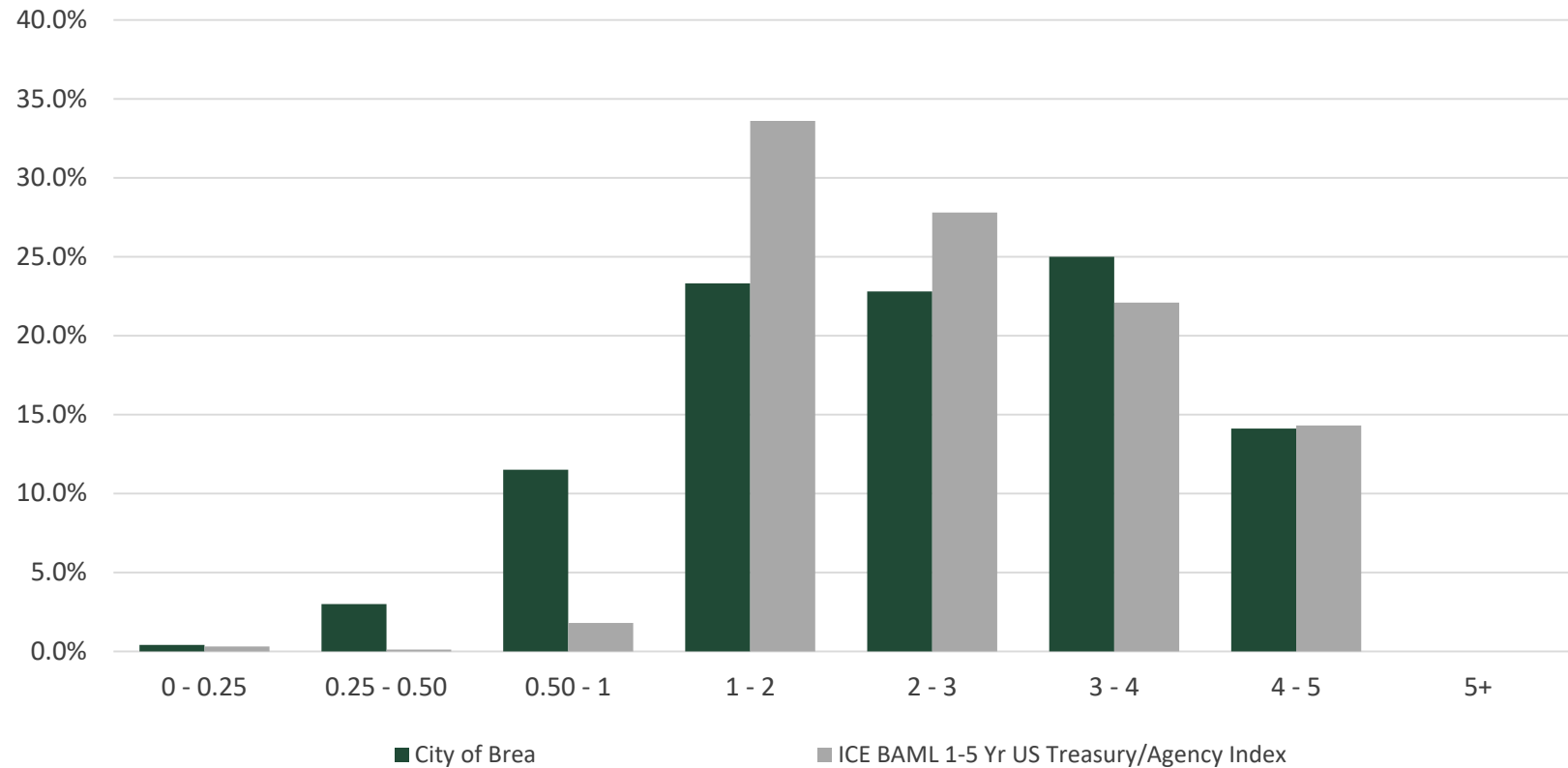
Municipal

- Valuation remains challenging with spreads tight by historical standards, particularly in shorter maturity securities.
- Until market dynamics evolve the Chandler team does not anticipate allocating exposure to the sector in the City's portfolio.

Duration Distribution

As of June 30, 2019

City of Brea
Portfolio Compared to the Benchmark as of June 30, 2019



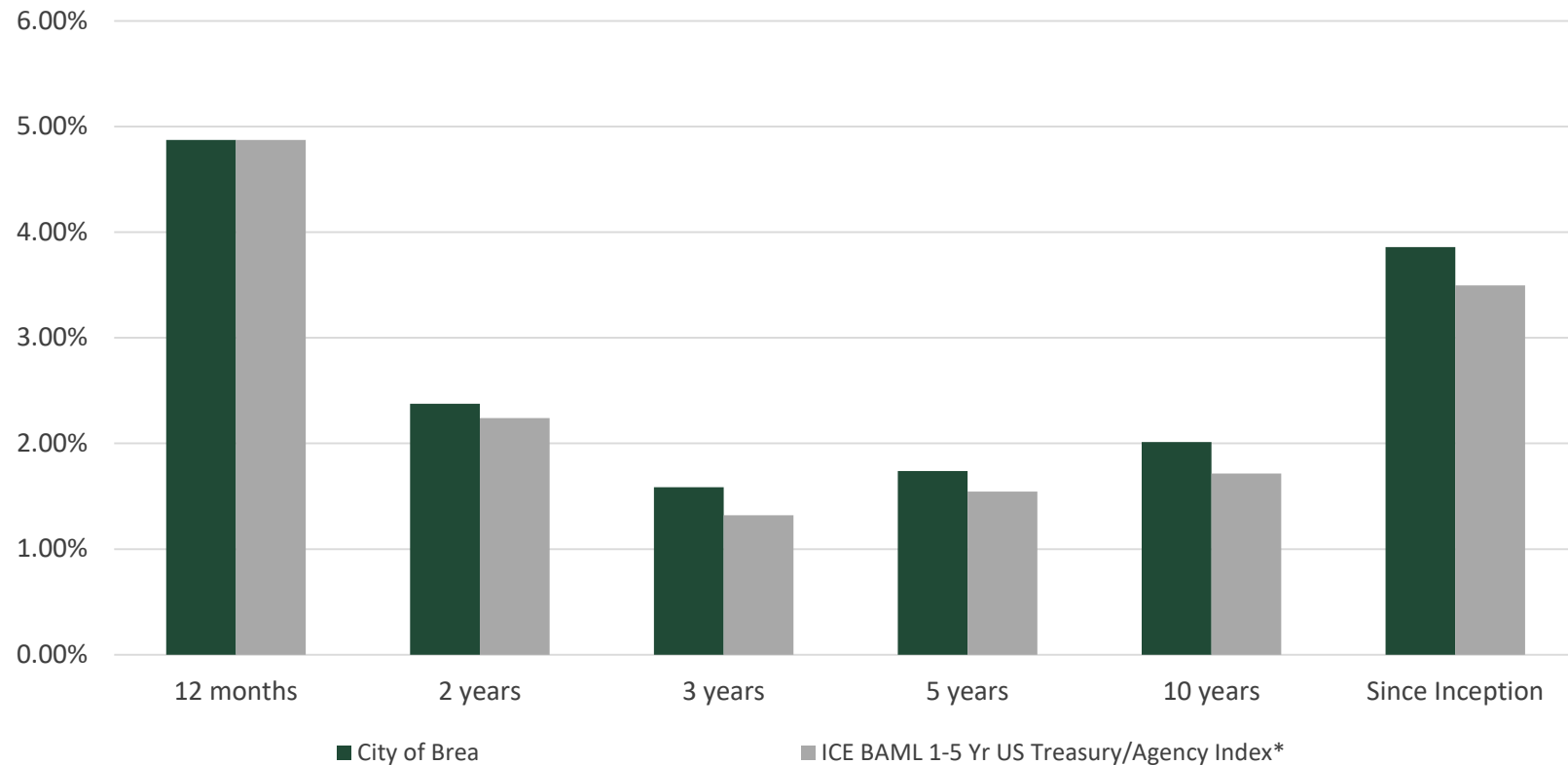
	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	0.4%	3.0%	11.5%	23.3%	22.8%	25.0%	14.1%	0.0%
Benchmark*	0.3%	0.1%	1.8%	33.6%	27.8%	22.1%	14.3%	0.0%

*ICE BAML 1-5 Yr US Treasury/Agency Index

Investment Performance

As of June 30, 2019

City of Brea Total Rate of Return Annualized Since Inception 04/30/1996



TOTAL RATE OF RETURN	Annualized						Since Inception
	3 months	12 months	2 years	3 years	5 years	10 years	
City of Brea	1.64%	4.87%	2.38%	1.59%	1.74%	2.01%	3.86%
ICE BAML 1-5 Yr US Treasury/Agency Index	1.81%	4.87%	2.24%	1.32%	1.54%	1.72%	3.50%

*ICE BAML 1-Yr US Treasury Bill Index to 9/30/01,

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Portfolio Characteristics

As of June 30, 2019

City of Brea Laif

	6/30/2019 Portfolio	3/31/2019 Portfolio
Average Maturity (yrs)	0.00	0.00
Modified Duration	0.00	0.00
Average Purchase Yield	2.41%	2.44%
Average Market Yield	2.41%	2.44%
Average Quality*	NR/NR	NR/NR
Total Market Value	22,626,546	32,957,278

**Portfolio is S&P and Moody's, respectively.*

Portfolio Characteristics

As of June 30, 2019

Successor Agency to the Brea RDA LAIF

	6/30/2019 Portfolio	3/31/2019 Portfolio
Average Maturity (yrs)	0.00	0.00
Modified Duration	0.00	0.00
Average Purchase Yield	2.41%	2.44%
Average Market Yield	2.41%	2.44%
Average Quality*	NR/NR	NR/NR
Total Market Value	287,035	1,875,213

**Portfolio is S&P and Moody's, respectively.*

City Brea Bond Reserve Funds
Portfolio Characteristics
Summary of Accounts Managed

Name of Account	Average Maturity (Years)	Average Book Yield	Market Value	Average Quality
Brea 2009 Water Revenue Bond Reserve Fund	2.10	1.59%	1,967,596	AA+/Aaa
Brea 05 CDF 97-1 Spec Tax reserve Fund	2.41	1.95%	466,573	AA+/Aaa
Brea Water Revenue Bonds, Series B, Reserve Account	2.29	1.67%	1,390,670	AA+/Aaa
Brea Lease Revenue Bonds, Reserve Account	2.63	1.68%	270,493	AA+/Aaa
Brea CFD 2008 2 17 Reserve Fund	3.01	2.57%	680,822	AA+/Aaa
Total	2.26	1.79%	\$4,776,154	



Section 3 | Portfolio Holdings

Holdings Report

As of June 30, 2019

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.100% Due 10/15/2020	238,450.00	01/23/2018 2.12%	238,425.64 238,438.36	99.93 2.49%	238,280.43 222.55	0.32% (157.93)	Aaa / AAA NR	1.30 0.19
654747AD6	Nissan Auto Receivables 2017-A A3 1.740% Due 08/16/2021	342,227.31	12/27/2017 2.10%	340,048.28 340,950.46	99.62 2.49%	340,924.06 248.11	0.45% (26.40)	Aaa / NR AAA	2.13 0.51
43811BAC8	Honda Auto Receivables 2017-2 A3 1.680% Due 08/16/2021	319,106.48	04/27/2018 2.62%	314,145.37 315,904.83	99.71 2.16%	318,191.90 238.27	0.42% 2,287.07	Aaa / AAA NR	2.13 0.60
47788BAD6	John Deere Owner Trust 2017-B A3 1.820% Due 10/15/2021	105,368.17	07/11/2017 1.83%	105,360.45 105,364.00	99.74 2.27%	105,097.25 85.23	0.14% (266.75)	Aaa / NR AAA	2.30 0.58
47788CAC6	John Deere Owner Trust 2016-B A4 2.660% Due 04/18/2022	185,000.00	02/21/2018 2.68%	184,986.70 184,991.00	100.46 2.21%	185,847.30 218.71	0.25% 856.30	Aaa / NR AAA	2.80 0.97
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.950% Due 08/22/2022	495,000.00	08/21/2018 2.98%	494,932.09 494,946.42	101.25 2.10%	501,189.48 405.63	0.67% 6,243.06	Aaa / NR AAA	3.15 1.44
02587AAJ3	American Express Credit 2017-1 1.930% Due 09/15/2022	1,050,000.00	Various 2.61%	1,039,535.16 1,041,885.48	99.80 2.27%	1,047,852.75 900.67	1.39% 5,967.27	Aaa / NR AAA	3.21 0.61
47788EAC2	John Deere Owner Trust 2018-B A3 3.080% Due 11/15/2022	575,000.00	07/18/2018 3.10%	574,956.42 574,965.86	101.35 2.13%	582,750.41 787.11	0.78% 7,784.55	Aaa / NR AAA	3.38 1.38
TOTAL ABS		3,310,151.96	2.64%	3,292,390.11 3,297,446.41	2.25%	3,320,133.58 3,106.28	4.42% 22,687.17	Aaa / AAA Aaa	2.83 0.85
Agency									
3135G0A78	FNMA Note 1.625% Due 01/21/2020	1,000,000.00	Various 1.46%	1,008,032.32 1,000,908.38	99.74 2.09%	997,414.00 7,222.22	1.34% (3,494.38)	Aaa / AA+ AAA	0.56 0.55
3137EADR7	FHLMC Note 1.375% Due 05/01/2020	1,250,000.00	05/28/2015 1.52%	1,241,437.50 1,248,548.33	99.43 2.07%	1,242,862.50 2,864.58	1.66% (5,685.83)	Aaa / AA+ AAA	0.84 0.82
3135G0D75	FNMA Note 1.500% Due 06/22/2020	1,030,000.00	Various 1.57%	1,026,700.60 1,029,331.99	99.49 2.03%	1,024,743.91 386.25	1.36% (4,588.08)	Aaa / AA+ AAA	0.98 0.96
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	450,000.00	11/21/2017 1.96%	448,833.97 449,460.27	99.97 1.90%	449,858.25 1,031.25	0.60% 397.98	Aaa / AA+ AAA	1.39 1.35
3135G0F73	FNMA Note 1.500% Due 11/30/2020	1,225,000.00	12/16/2015 1.90%	1,201,847.50 1,218,374.04	99.51 1.85%	1,218,991.38 1,582.29	1.62% 617.34	Aaa / AA+ AAA	1.42 1.39
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	1,070,000.00	02/17/2016 1.46%	1,065,677.20 1,068,585.09	99.27 1.83%	1,062,144.06 5,435.45	1.42% (6,441.03)	Aaa / AA+ AAA	1.64 1.60
3135G0J20	FNMA Note 1.375% Due 02/26/2021	1,275,000.00	Various 1.46%	1,269,953.70 1,273,276.13	99.23 1.85%	1,265,195.25 6,087.24	1.69% (8,080.88)	Aaa / AA+ AAA	1.66 1.62

Holdings Report

As of June 30, 2019

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3135G0K69	FNMA Note 1.250% Due 05/06/2021	400,000.00	05/27/2016 1.48%	395,724.00 398,397.39	98.97 1.82%	395,890.40 763.89	0.53% (2,506.99)	Aaa / AA+ AAA	1.85 1.81
3135G0U35	FNMA Note 2.750% Due 06/22/2021	500,000.00	06/28/2018 2.70%	500,740.00 500,490.62	101.81 1.82%	509,028.50 343.75	0.68% 8,537.88	Aaa / AA+ AAA	1.98 1.92
3130A8QS5	FHLB Note 1.125% Due 07/14/2021	1,285,000.00	10/04/2016 1.33%	1,273,126.60 1,279,928.93	98.75 1.75%	1,268,986.33 6,706.09	1.70% (10,942.60)	Aaa / AA+ AAA	2.04 1.99
3137EAEC9	FHLMC Note 1.125% Due 08/12/2021	1,250,000.00	08/30/2016 1.33%	1,237,737.50 1,244,754.34	98.58 1.81%	1,232,230.00 5,429.69	1.64% (12,524.34)	Aaa / AA+ AAA	2.12 2.07
3135G0N82	FNMA Note 1.250% Due 08/17/2021	1,285,000.00	Various 1.29%	1,282,305.71 1,283,822.64	98.86 1.80%	1,270,412.68 5,978.82	1.70% (13,409.96)	Aaa / AA+ AAA	2.13 2.08
3130AF5B9	FHLB Note 3.000% Due 10/12/2021	1,350,000.00	11/29/2018 2.91%	1,353,402.00 1,352,709.90	102.66 1.80%	1,385,958.60 8,887.50	1.85% 33,248.70	Aaa / AA+ NR	2.29 2.19
3135G0S38	FNMA Note 2.000% Due 01/05/2022	1,350,000.00	04/25/2017 1.92%	1,354,927.50 1,352,641.99	100.52 1.79%	1,357,082.10 13,200.00	1.82% 4,440.11	Aaa / AA+ AAA	2.52 2.42
3135G0T45	FNMA Note 1.875% Due 04/05/2022	1,315,000.00	06/19/2017 1.88%	1,314,801.44 1,314,885.52	100.18 1.81%	1,317,356.48 5,890.10	1.76% 2,470.96	Aaa / AA+ AAA	2.77 2.67
3130A3KM5	FHLB Note 2.500% Due 12/09/2022	775,000.00	08/28/2018 2.83%	764,808.75 766,803.97	102.42 1.77%	793,786.00 1,184.03	1.06% 26,982.03	Aaa / AA+ NR	3.45 3.29
3135G0T94	FNMA Note 2.375% Due 01/19/2023	1,000,000.00	03/14/2018 2.73%	984,140.00 988,369.33	101.97 1.80%	1,019,655.00 10,687.50	1.37% 31,285.67	Aaa / AA+ AAA	3.56 3.36
3137EAEN5	FHLMC Note 2.750% Due 06/19/2023	1,200,000.00	07/20/2018 2.86%	1,193,976.00 1,195,129.03	103.54 1.82%	1,242,474.00 1,100.00	1.65% 47,344.97	Aaa / AA+ AAA	3.97 3.75
313383YJ4	FHLB Note 3.375% Due 09/08/2023	1,200,000.00	10/29/2018 3.08%	1,215,756.00 1,213,596.55	106.35 1.79%	1,276,224.00 12,712.50	1.71% 62,627.45	Aaa / AA+ NR	4.19 3.88
3135G0U43	FNMA Note 2.875% Due 09/12/2023	1,500,000.00	06/21/2019 1.89%	1,559,805.00 1,559,533.34	104.15 1.84%	1,562,239.50 13,057.29	2.09% 2,706.16	Aaa / AA+ AAA	4.21 3.92
3130A0F70	FHLB Note 3.375% Due 12/08/2023	1,075,000.00	Various 2.74%	1,106,057.50 1,103,134.79	106.39 1.87%	1,143,661.33 2,317.97	1.52% 40,526.54	Aaa / AA+ AAA	4.44 4.12
3130AB3H7	FHLB Note 2.375% Due 03/08/2024	1,500,000.00	04/29/2019 2.37%	1,500,105.00 1,500,101.33	102.18 1.89%	1,532,661.00 11,182.29	2.05% 32,559.67	Aaa / AA+ NR	4.69 4.39
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	1,500,000.00	06/18/2019 1.96%	1,564,890.20 1,564,462.83	104.71 1.87%	1,570,699.51 2,036.46	2.09% 6,236.68	Aaa / AA+ NR	4.96 4.61
TOTAL Agency		25,785,000.00	2.02%	25,864,785.99 25,907,246.73	1.85%	26,139,554.78 126,087.16	34.90% 232,308.05	Aaa / AA+ Aaa	2.76 2.62

Holdings Report

As of June 30, 2019

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Commercial Paper									
62479MXN8	MUFG Bank Ltd/NY Discount CP 2.270% Due 10/22/2019	1,500,000.00	06/26/2019 2.32%	1,488,933.75 1,488,933.75	99.26 2.32%	1,488,933.75 378.33	1.98% 0.00	P-1 / A-1 NR	0.31 0.31
TOTAL Commercial Paper		1,500,000.00	2.32%	1,488,933.75 1,488,933.75	2.32%	1,488,933.75 378.33	1.98% 0.00	P-1 / A-1 NR	0.31 0.31
Foreign Corporate									
78012KKU0	Royal Bank of Canada Note 2.500% Due 01/19/2021	700,000.00	01/24/2018 2.64%	697,130.00 698,503.07	100.42 2.22%	702,972.90 7,875.00	0.94% 4,469.83	Aa2 / AA- AA	1.56 1.50
89114QCB2	Toronto Dominion Bank Note 3.250% Due 03/11/2024	950,000.00	Various 2.94%	963,259.00 962,662.32	103.52 2.45%	983,452.35 9,434.03	1.32% 20,790.03	Aa3 / A AA-	4.70 4.31
TOTAL Foreign Corporate		1,650,000.00	2.82%	1,660,389.00 1,661,165.39	2.35%	1,686,425.25 17,309.03	2.26% 25,259.86	Aa3 / A+ AA-	3.39 3.14
Money Market Fund FI									
316175884	Fidelity Institutional Money Market Fund 696	67,879.56	Various 1.99%	67,879.56 67,879.56	1.00 1.99%	67,879.56 0.00	0.09% 0.00	Aaa / AAA NR	0.00 0.00
TOTAL Money Market Fund FI		67,879.56	1.99%	67,879.56 67,879.56	1.99%	67,879.56 0.00	0.09% 0.00	Aaa / AAA NR	0.00 0.00
Supranational									
4581XOCX4	Inter-American Dev Bank Note 1.625% Due 05/12/2020	1,065,000.00	04/05/2017 1.70%	1,062,475.95 1,064,291.65	99.62 2.07%	1,060,908.27 2,355.57	1.41% (3,383.38)	Aaa / AAA AAA	0.87 0.85
45950KCM0	International Finance Corp Note 2.250% Due 01/25/2021	410,000.00	01/18/2018 2.35%	408,794.60 409,368.70	100.53 1.91%	412,168.90 3,997.50	0.55% 2,800.20	Aaa / AAA NR	1.58 1.52
4581XOCW6	Inter-American Dev Bank Note 2.125% Due 01/18/2022	1,275,000.00	01/10/2017 2.15%	1,273,431.75 1,274,199.56	100.80 1.80%	1,285,166.85 12,267.45	1.72% 10,967.29	Aaa / NR AAA	2.56 2.45
4581XOCZ9	Inter-American Dev Bank Note 1.750% Due 09/14/2022	800,000.00	Various 2.40%	777,732.00 784,374.28	99.85 1.80%	798,817.60 4,161.12	1.07% 14,443.32	NR / NR AAA	3.21 3.09
TOTAL Supranational		3,550,000.00	2.10%	3,522,434.30 3,532,234.19	1.89%	3,557,061.62 22,781.64	4.76% 24,827.43	Aaa / AAA Aaa	2.09 2.01
US Corporate									
94974BGF1	Wells Fargo Corp Note 2.150% Due 01/30/2020	735,000.00	01/26/2015 2.17%	734,204.40 734,907.04	99.91 2.31%	734,309.84 6,628.27	0.98% (597.20)	A2 / A- A+	0.59 0.57

Holdings Report

As of June 30, 2019

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
22160KAG0	Costco Wholesale Corp Note 1.750% Due 02/15/2020	465,000.00	02/05/2015 1.77%	464,511.75 464,938.70	99.61 2.38%	463,180.92 3,074.17	0.62% (1,757.78)	Aa3 / A+ NR	0.63 0.61
747525AD5	Qualcomm Inc Note 2.250% Due 05/20/2020	750,000.00	06/11/2015 2.49%	741,693.75 748,504.88	99.97 2.29%	749,755.50 1,921.88	1.00% 1,250.62	A2 / A- NR	0.89 0.87
437076BQ4	Home Depot Note 1.800% Due 06/05/2020	330,000.00	05/24/2017 1.82%	329,808.60 329,940.62	99.65 2.18%	328,854.24 429.00	0.44% (1,086.38)	A2 / A A	0.93 0.92
594918BG8	Microsoft Callable Note Cont. 10/03/20 2.000% Due 11/03/2020	325,000.00	10/29/2015 2.02%	324,740.00 324,930.13	99.96 2.03%	324,870.65 1,047.22	0.43% (59.48)	Aaa / AAA AA+	1.35 1.31
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.300% Due 11/03/2020	800,000.00	02/06/2017 2.16%	803,768.00 801,301.26	100.04 2.26%	800,342.40 2,964.44	1.07% (958.86)	A3 / A A	1.35 1.23
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	875,000.00	Various 1.97%	884,992.10 878,483.22	100.28 2.05%	877,424.63 6,480.83	1.17% (1,058.59)	Aaa / AA+ NR	1.67 1.62
24422ESL4	John Deere Capital Corp Note 2.800% Due 03/04/2021	315,000.00	05/24/2017 2.12%	322,663.95 318,413.64	100.89 2.26%	317,796.26 2,866.50	0.43% (617.38)	A2 / A A	1.68 1.62
369550BE7	General Dynamics Corp Note 3.000% Due 05/11/2021	410,000.00	05/08/2018 3.24%	407,150.50 408,232.06	101.62 2.11%	416,638.72 1,708.33	0.56% 8,406.66	A2 / A+ NR	1.87 1.80
857477AV5	State Street Bank Note 1.950% Due 05/19/2021	940,000.00	Various 2.32%	932,971.20 933,659.24	99.74 2.09%	937,550.36 2,138.50	1.25% 3,891.12	A1 / A AA-	1.89 1.84
594918BP8	Microsoft Callable Note Cont 7/8/21 1.550% Due 08/08/2021	590,000.00	Various 1.57%	589,298.90 589,704.74	99.15 1.96%	584,976.74 3,632.60	0.78% (4,728.00)	Aaa / AAA AA+	2.11 2.05
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.900% Due 09/15/2021	804,000.00	11/29/2016 2.40%	785,998.44 795,689.21	99.49 2.14%	799,930.15 4,497.93	1.07% 4,240.94	A1 / AA- A	2.21 2.14
89236TDP7	Toyota Motor Credit Corp Note 2.600% Due 01/11/2022	750,000.00	Various 3.16%	736,272.75 740,024.79	101.05 2.17%	757,847.25 9,208.33	1.02% 17,822.46	Aa3 / AA- A+	2.54 2.41
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 01/24/2022	390,000.00	01/19/2017 2.66%	389,329.20 389,655.42	101.07 2.18%	394,169.10 4,464.69	0.53% 4,513.68	A1 / A+ AA-	2.57 2.37
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.450% Due 07/28/2022	890,000.00	07/25/2017 2.45%	889,919.90 889,950.74	101.03 2.09%	899,191.92 9,267.13	1.21% 9,241.18	A2 / A A+	3.08 2.85
44932HAC7	IBM Credit Corp Note 2.200% Due 09/08/2022	950,000.00	Various 2.65%	932,933.50 937,025.74	99.75 2.28%	947,649.70 6,560.28	1.27% 10,623.96	A1 / A A	3.19 3.04
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 01/15/2023	925,000.00	Various 3.11%	919,202.75 920,876.10	101.45 2.38%	938,424.53 12,676.41	1.26% 17,548.43	A2 / A- AA-	3.55 2.95
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.650% Due 01/25/2023	750,000.00	05/20/2019 2.73%	748,027.50 748,086.21	101.24 2.28%	759,329.25 8,612.50	1.02% 11,243.04	A2 / A A	3.58 3.28

Holdings Report

As of June 30, 2019

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
24422ETG4	John Deere Capital Corp Note 2.800% Due 03/06/2023	650,000.00	Various 3.23%	637,699.50 640,453.99	102.15 2.19%	663,991.90 5,813.89	0.89% 23,537.91	A2 / A A	3.68 3.46
06406RAG2	Bank of NY Mellon Corp Note 3.500% Due 04/28/2023	800,000.00	05/16/2019 2.78%	821,248.00 820,627.84	104.29 2.32%	834,324.00 4,900.00	1.12% 13,696.16	A1 / A AA-	3.83 3.56
037833AK6	Apple Inc Note 2.400% Due 05/03/2023	900,000.00	Various 3.18%	871,569.25 874,986.89	100.99 2.13%	908,911.80 3,480.00	1.21% 33,924.91	Aa1 / AA+ NR	3.84 3.64
097023BQ7	Boeing Co Callable Note Cont 4/15/2023 1.875% Due 06/15/2023	500,000.00	02/13/2019 2.98%	477,785.00 479,695.97	98.16 2.36%	490,807.50 416.67	0.65% 11,111.53	A2 / A A	3.96 3.78
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.400% Due 06/26/2023	904,000.00	04/26/2019 2.68%	928,769.60 927,736.84	105.10 2.03%	950,129.31 426.89	1.26% 22,392.47	Aa2 / AA AA	3.99 3.66
02665WCJ8	American Honda Finance Note 3.450% Due 07/14/2023	225,000.00	07/11/2018 3.49%	224,610.75 224,685.44	104.30 2.33%	234,667.13 3,600.94	0.32% 9,981.69	A2 / A NR	4.04 3.71
69371RP59	Paccar Financial Corp Note 3.400% Due 08/09/2023	760,000.00	Various 3.28%	763,588.40 763,525.40	103.47 2.51%	786,363.64 10,192.44	1.06% 22,838.24	A1 / A+ NR	4.11 3.78
06406RAJ6	Bank of NY Mellon Corp Note 3.450% Due 08/11/2023	250,000.00	05/16/2019 2.79%	256,575.00 256,396.15	104.28 2.35%	260,695.75 3,354.17	0.35% 4,299.60	A1 / A AA-	4.12 3.78
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	750,000.00	Various 3.38%	757,259.00 757,127.00	105.24 2.33%	789,310.50 6,117.19	1.06% 32,183.50	A2 / A NR	4.28 3.93
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.550% Due 03/05/2024	900,000.00	Various 3.36%	905,512.00 905,212.67	103.67 2.50%	933,011.10 10,295.00	1.25% 27,798.43	A2 / A- A+	4.68 3.41
TOTAL US Corporate		18,633,000.00	2.67%	18,582,103.69 18,604,771.93	2.23%	18,884,454.79 136,776.20	25.28% 279,682.86	A1 / A+ A+	2.83 2.59
US Treasury									
912828F39	US Treasury Note 1.750% Due 09/30/2019	800,000.00	06/26/2019 2.10%	799,250.00 799,281.58	99.89 2.16%	799,156.00 3,519.13	1.07% (125.58)	Aaa / AA+ AAA	0.25 0.25
912828L32	US Treasury Note 1.375% Due 08/31/2020	1,250,000.00	09/29/2015 1.37%	1,250,394.81 1,250,093.81	99.38 1.91%	1,242,285.00 5,744.74	1.66% (7,808.81)	Aaa / AA+ AAA	1.17 1.15
912828L99	US Treasury Note 1.375% Due 10/31/2020	800,000.00	11/23/2015 1.71%	787,471.43 796,609.02	99.35 1.87%	794,812.80 1,853.26	1.06% (1,796.22)	Aaa / AA+ AAA	1.34 1.31
912828N89	US Treasury Note 1.375% Due 01/31/2021	1,300,000.00	03/09/2016 1.40%	1,298,734.82 1,299,589.37	99.30 1.83%	1,290,859.70 7,456.15	1.73% (8,729.67)	Aaa / AA+ AAA	1.59 1.55
912828B90	US Treasury Note 2.000% Due 02/28/2021	1,250,000.00	04/26/2016 1.40%	1,285,111.61 1,262,081.41	100.30 1.82%	1,253,760.00 8,355.98	1.68% (8,321.41)	Aaa / AA+ AAA	1.67 1.62
912828Q37	US Treasury Note 1.250% Due 03/31/2021	800,000.00	12/13/2016 1.81%	781,471.43 792,449.14	99.06 1.80%	792,500.00 2,513.66	1.06% 50.86	Aaa / AA+ AAA	1.75 1.72

Holdings Report

As of June 30, 2019

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828T34	US Treasury Note 1.125% Due 09/30/2021	1,300,000.00	11/09/2016 1.48%	1,278,016.07 1,289,876.31	98.68 1.73%	1,282,836.10 3,676.23	1.71% (7,040.21)	Aaa / AA+ AAA	2.25 2.20
912828F96	US Treasury Note 2.000% Due 10/31/2021	1,025,000.00	01/27/2017 1.94%	1,027,686.05 1,026,320.58	100.61 1.73%	1,031,206.38 3,453.80	1.37% 4,885.80	Aaa / AA+ AAA	2.34 2.27
912828J43	US Treasury Note 1.750% Due 02/28/2022	1,360,000.00	03/13/2017 2.14%	1,335,407.68 1,346,787.23	100.06 1.73%	1,360,850.00 7,954.89	1.82% 14,062.77	Aaa / AA+ AAA	2.67 2.58
912828XG0	US Treasury Note 2.125% Due 06/30/2022	1,100,000.00	08/15/2017 1.82%	1,115,601.34 1,109,608.25	101.18 1.72%	1,112,976.70 63.52	1.48% 3,368.45	Aaa / AA+ AAA	3.00 2.90
912828L24	US Treasury Note 1.875% Due 08/31/2022	1,000,000.00	09/26/2017 1.87%	1,000,433.04 1,000,278.50	100.45 1.73%	1,004,492.00 6,266.98	1.34% 4,213.50	Aaa / AA+ AAA	3.17 3.05
912828L57	US Treasury Note 1.750% Due 09/30/2022	1,240,000.00	10/17/2017 1.99%	1,226,243.75 1,230,968.66	100.07 1.73%	1,240,871.72 5,454.64	1.66% 9,903.06	Aaa / AA+ AAA	3.25 3.13
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,150,000.00	01/25/2018 2.46%	1,132,121.09 1,137,296.04	101.36 1.72%	1,165,677.95 66.41	1.55% 28,381.91	Aaa / AA+ AAA	3.51 3.36
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,500,000.00	05/29/2019 2.05%	1,472,988.28 1,473,523.50	99.50 1.75%	1,492,500.00 4,106.66	1.99% 18,976.50	Aaa / AA+ AAA	4.34 4.15
912828V23	US Treasury Note 2.250% Due 12/31/2023	1,250,000.00	06/21/2019 1.80%	1,274,560.55 1,274,456.42	102.16 1.75%	1,276,952.50 76.43	1.70% 2,496.08	Aaa / AA+ AAA	4.51 4.27
912828B66	US Treasury Note 2.750% Due 02/15/2024	1,500,000.00	04/29/2019 2.31%	1,529,648.44 1,528,599.24	104.42 1.75%	1,566,328.50 15,497.24	2.10% 37,729.26	Aaa / AA+ AAA	4.63 4.30
912828X70	US Treasury Note 2.000% Due 04/30/2024	1,000,000.00	06/10/2019 1.92%	1,003,515.63 1,003,476.24	101.09 1.76%	1,010,898.00 3,369.57	1.35% 7,421.76	Aaa / AA+ AAA	4.84 4.58
TOTAL US Treasury		19,625,000.00	1.86%	19,598,656.02 19,621,295.30	1.78%	19,718,963.35 79,429.29	26.31% 97,668.05	Aaa / AA+ Aaa	2.85 2.73
TOTAL PORTFOLIO		74,121,031.52	2.20%	74,077,572.42 74,180,973.26	1.97%	74,863,406.68 385,867.93	100.00% 682,433.42	Aa1 / AA Aaa	2.73 2.50
TOTAL MARKET VALUE PLUS ACCRUALS						75,249,274.61			

Holdings Report

As of June 30, 2019

Brea 2009 Water Revenue Bond Reserve Fund - Account #10073

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	23,088.29	Various 1.92%	23,088.29 23,088.29	1.00 1.92%	23,088.29 0.00	1.17% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund FI		23,088.29	1.92%	23,088.29	1.92%	23,088.29 0.00	1.17% 0.00	Aaa / AAA Aaa	0.00 0.00
US Treasury									
912828G61	US Treasury Note 1.500% Due 11/30/2019	50,000.00	08/24/2016 0.92%	50,933.76 50,119.07	99.74 2.12%	49,871.10 63.52	2.54% (247.97)	Aaa / AA+ AAA	0.42 0.41
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	135,000.00	Various 1.60%	132,834.83 134,696.97	99.48 2.04%	134,293.41 564.03	6.85% (403.56)	Aaa / AA+ AAA	0.67 0.66
912828UV0	US Treasury Note 1.125% Due 03/31/2020	100,000.00	05/07/2015 1.57%	97,930.02 99,682.97	99.34 2.01%	99,343.80 282.79	5.06% (339.17)	Aaa / AA+ AAA	0.75 0.74
912828XM7	US Treasury Note 1.625% Due 07/31/2020	165,000.00	08/24/2016 1.03%	168,796.84 166,047.04	99.67 1.93%	164,452.20 1,118.42	8.41% (1,594.84)	Aaa / AA+ AAA	1.09 1.06
912828WC0	US Treasury Note 1.750% Due 10/31/2020	160,000.00	Various 1.46%	161,991.55 160,604.58	99.83 1.88%	159,724.96 471.74	8.14% (879.62)	Aaa / AA+ AAA	1.34 1.31
912828A83	US Treasury Note 2.375% Due 12/31/2020	165,000.00	08/24/2016 1.08%	174,062.66 168,131.15	100.79 1.84%	166,302.02 10.65	8.45% (1,829.13)	Aaa / AA+ AAA	1.51 1.47
912828B90	US Treasury Note 2.000% Due 02/28/2021	165,000.00	08/24/2016 1.10%	171,516.76 167,404.24	100.30 1.82%	165,496.32 1,102.99	8.47% (1,907.92)	Aaa / AA+ AAA	1.67 1.62
912828WN6	US Treasury Note 2.000% Due 05/31/2021	160,000.00	Various 1.04%	167,290.77 162,872.60	100.43 1.77%	160,687.52 271.04	8.18% (2,185.08)	Aaa / AA+ AAA	1.92 1.87
912828F21	US Treasury Note 2.125% Due 09/30/2021	170,000.00	10/27/2016 1.38%	175,983.77 172,735.63	100.84 1.74%	171,434.46 908.06	8.76% (1,301.17)	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.750% Due 02/28/2022	165,000.00	04/24/2017 1.84%	164,349.58 164,642.25	100.06 1.73%	165,103.13 965.12	8.44% 460.88	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 08/31/2022	165,000.00	09/18/2017 1.84%	165,284.15 165,181.94	100.45 1.73%	165,741.18 1,034.05	8.48% 559.24	Aaa / AA+ AAA	3.17 3.05
9128284D9	US Treasury Note 2.500% Due 03/31/2023	165,000.00	06/13/2018 2.84%	162,518.55 163,059.91	102.79 1.73%	169,602.02 1,036.89	8.67% 6,542.11	Aaa / AA+ AAA	3.75 3.55
912828T91	US Treasury Note 1.625% Due 10/31/2023	165,000.00	02/21/2019 2.52%	158,522.46 159,010.55	99.50 1.75%	164,175.00 451.73	8.37% 5,164.45	Aaa / AA+ AAA	4.34 4.15
TOTAL US Treasury		1,930,000.00	1.59%	1,952,015.70 1,934,188.90	1.83%	1,936,227.12 8,281.03	98.83% 2,038.22	Aaa / AA+ Aaa	2.13 2.05
TOTAL PORTFOLIO		1,953,088.29	1.60%	1,975,103.99 1,957,277.19	1.83%	1,959,315.41 8,281.03	100.00% 2,038.22	Aaa / AA+ Aaa	2.10 2.03
TOTAL MARKET VALUE PLUS ACCRUALS						1,967,596.44			

Holdings Report

As of June 30, 2019

Brea 05 CFD 97-1 Spec Tax Reserve Fund - Account #10103

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Agency									
3137EADM8	FHLMC Note 1.250% Due 10/02/2019	10,000.00	03/25/2015 1.40%	9,933.90 9,996.28	99.76 2.20%	9,975.75 30.90	2.14% (20.53)	Aaa / AA+ AAA	0.26 0.25
313383HU8	FHLB Note 1.750% Due 06/12/2020	40,000.00	06/26/2015 1.87%	39,779.20 39,957.67	99.75 2.02%	39,899.20 36.94	8.56% (58.47)	Aaa / AA+ NR	0.95 0.94
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	35,000.00	03/11/2016 1.64%	34,566.00 34,855.98	99.27 1.83%	34,743.03 177.80	7.48% (112.95)	Aaa / AA+ AAA	1.64 1.60
3135G0Q89	FNMA Note 1.375% Due 10/07/2021	43,000.00	10/27/2016 1.50%	42,738.13 42,879.73	99.00 1.82%	42,572.11 137.96	9.15% (307.62)	Aaa / AA+ AAA	2.27 2.22
3135G0S38	FNMA Note 2.000% Due 01/05/2022	40,000.00	04/24/2017 1.92%	40,142.40 40,076.31	100.52 1.79%	40,209.84 391.11	8.70% 133.53	Aaa / AA+ AAA	2.52 2.42
3135G0T78	FNMA Note 2.000% Due 10/05/2022	30,000.00	01/09/2018 2.36%	29,518.50 29,668.05	100.70 1.78%	30,209.94 143.33	6.51% 541.89	Aaa / AA+ AAA	3.27 3.13
3135G0T94	FNMA Note 2.375% Due 01/19/2023	30,000.00	06/13/2018 2.91%	29,319.90 29,474.54	101.97 1.80%	30,589.65 320.63	6.62% 1,115.11	Aaa / AA+ AAA	3.56 3.36
3137EAEN5	FHLMC Note 2.750% Due 06/19/2023	30,000.00	09/14/2018 2.97%	29,707.20 29,755.61	103.54 1.82%	31,061.85 27.50	6.66% 1,306.24	Aaa / AA+ AAA	3.97 3.75
3130A0F70	FHLB Note 3.375% Due 12/08/2023	35,000.00	02/21/2019 2.62%	36,182.30 36,095.15	106.39 1.87%	37,235.49 75.47	8.00% 1,140.34	Aaa / AA+ AAA	4.44 4.12
TOTAL Agency		293,000.00	2.15%	291,887.53 292,759.32	1.86%	296,496.86 1,341.64	63.84% 3,737.54	Aaa / AA+ Aaa	2.67 2.55
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	3,075.75	Various 1.92%	3,075.75 3,075.75	1.00 1.92%	3,075.75 0.00	0.66% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund FI		3,075.75	1.92%	3,075.75 3,075.75	1.92%	3,075.75 0.00	0.66% 0.00	Aaa / AAA Aaa	0.00 0.00
US Treasury									
912828UV0	US Treasury Note 1.125% Due 03/31/2020	30,000.00	05/07/2015 1.57%	29,379.01 29,904.89	99.34 2.01%	29,803.14 84.84	6.41% (101.75)	Aaa / AA+ AAA	0.75 0.74
912828WC0	US Treasury Note 1.750% Due 10/31/2020	30,000.00	11/04/2015 1.63%	30,166.51 30,044.60	99.83 1.88%	29,948.43 88.45	6.44% (96.17)	Aaa / AA+ AAA	1.34 1.31
912828WN6	US Treasury Note 2.000% Due 05/31/2021	30,000.00	07/11/2016 1.01%	31,406.35 30,551.82	100.43 1.77%	30,128.91 50.82	6.47% (422.91)	Aaa / AA+ AAA	1.92 1.87

Holdings Report

As of June 30, 2019

Brea 05 CFD 97-1 Spec Tax Reserve Fund - Account #10103

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828G53	US Treasury Note 1.875% Due 11/30/2021	35,000.00	01/18/2017 1.89%	34,974.14 34,987.14	100.32 1.74%	35,110.74 55.58	7.54% 123.60	Aaa / AA+ AAA	2.42 2.35
912828J43	US Treasury Note 1.750% Due 02/28/2022	10,000.00	04/24/2017 1.84%	9,960.58 9,978.32	100.06 1.73%	10,006.25 58.49	2.16% 27.93	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 08/31/2022	30,000.00	09/18/2017 1.84%	30,051.66 30,033.08	100.45 1.73%	30,134.76 188.01	6.50% 101.68	Aaa / AA+ AAA	3.17 3.05
TOTAL US Treasury		165,000.00	1.61%	165,938.25 165,499.85	1.82%	165,132.23 526.19	35.51% (367.62)	Aaa / AA+ Aaa	1.99 1.93
TOTAL PORTFOLIO		461,075.75	1.96%	460,901.53 461,334.92	1.84%	464,704.84 1,867.83	100.00% 3,369.92	Aaa / AA+ Aaa	2.41 2.31
TOTAL MARKET VALUE PLUS ACCRUALS						466,572.67			

Holdings Report

As of June 30, 2019

Brea Water Revenue Bonds, Series B, Reserve Account - Account #10128

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	18,282.97	Various 1.92%	18,282.97 18,282.97	1.00 1.92%	18,282.97 0.00	1.31% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund FI		18,282.97	1.92%	18,282.97 18,282.97	1.92%	18,282.97 0.00	1.31% 0.00	Aaa / AAA Aaa	0.00 0.00
US Treasury									
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	32,000.00	Various 1.40%	31,753.72 31,968.52	99.48 2.04%	31,832.50 133.69	2.30% (136.02)	Aaa / AA+ AAA	0.67 0.66
912828UV0	US Treasury Note 1.125% Due 03/31/2020	115,000.00	Various 1.47%	113,111.52 114,716.19	99.34 2.01%	114,245.37 325.21	8.24% (470.82)	Aaa / AA+ AAA	0.75 0.74
912828XM7	US Treasury Note 1.625% Due 07/31/2020	115,000.00	08/24/2016 1.03%	117,646.28 115,729.75	99.67 1.93%	114,618.20 779.51	8.30% (1,111.55)	Aaa / AA+ AAA	1.09 1.06
912828WC0	US Treasury Note 1.750% Due 10/31/2020	88,000.00	11/04/2015 1.63%	88,488.42 88,130.82	99.83 1.88%	87,848.73 259.46	6.34% (282.09)	Aaa / AA+ AAA	1.34 1.31
912828A83	US Treasury Note 2.375% Due 12/31/2020	115,000.00	08/24/2016 1.08%	121,316.40 117,182.32	100.79 1.84%	115,907.47 7.42	8.34% (1,274.85)	Aaa / AA+ AAA	1.51 1.47
912828B90	US Treasury Note 2.000% Due 02/28/2021	115,000.00	08/24/2016 1.10%	119,541.99 116,675.69	100.30 1.82%	115,345.92 768.75	8.35% (1,329.77)	Aaa / AA+ AAA	1.67 1.62
912828WN6	US Treasury Note 2.000% Due 05/31/2021	101,000.00	Various 1.03%	105,664.79 102,834.31	100.43 1.77%	101,434.00 171.09	7.31% (1,400.31)	Aaa / AA+ AAA	1.92 1.87
912828F21	US Treasury Note 2.125% Due 09/30/2021	110,000.00	10/27/2016 1.38%	113,871.85 111,770.11	100.84 1.74%	110,928.18 587.57	8.02% (841.93)	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.750% Due 02/28/2022	110,000.00	04/24/2017 1.84%	109,566.38 109,761.50	100.06 1.73%	110,068.75 643.41	7.96% 307.25	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 08/31/2022	115,000.00	09/18/2017 1.84%	115,198.04 115,126.80	100.45 1.73%	115,516.58 720.70	8.36% 389.78	Aaa / AA+ AAA	3.17 3.05
912828N30	US Treasury Note 2.125% Due 12/31/2022	115,000.00	01/09/2018 2.31%	113,993.75 114,291.30	101.36 1.72%	116,567.80 6.64	8.38% 2,276.50	Aaa / AA+ AAA	3.51 3.36
9128284D9	US Treasury Note 2.500% Due 03/31/2023	115,000.00	06/13/2018 2.84%	113,270.51 113,647.82	102.79 1.73%	118,207.47 722.68	8.55% 4,559.65	Aaa / AA+ AAA	3.75 3.55
912828T91	US Treasury Note 1.625% Due 10/31/2023	115,000.00	02/21/2019 2.52%	110,485.35 110,825.53	99.50 1.75%	114,425.00 314.84	8.25% 3,599.47	Aaa / AA+ AAA	4.34 4.15
TOTAL US Treasury		1,361,000.00	1.68%	1,373,909.00 1,362,660.66	1.81%	1,366,945.97 5,440.97	98.69% 4,285.31	Aaa / AA+ Aaa	2.32 2.24
TOTAL PORTFOLIO		1,379,282.97	1.68%	1,392,191.97 1,380,943.63	1.81%	1,385,228.94 5,440.97	100.00% 4,285.31	Aaa / AA+ Aaa	2.29 2.21
TOTAL MARKET VALUE PLUS ACCRUALS						1,390,669.91			

Holdings Report

As of June 30, 2019

Brea Lease Revenue Bonds, Reserve Account - Account #10129

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	3,328.00	Various 1.92%	3,328.00 3,328.00	1.00 1.92%	3,328.00 0.00	1.23% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund FI		3,328.00	1.92%	3,328.00	1.92%	3,328.00 0.00	1.23% 0.00	Aaa / AAA Aaa	0.00 0.00
US Treasury									
912828XM7	US Treasury Note 1.625% Due 07/31/2020	22,000.00	08/24/2016 1.03%	22,506.25 22,139.61	99.67 1.93%	21,926.96 149.12	8.16% (212.65)	Aaa / AA+ AAA	1.09 1.06
912828WC0	US Treasury Note 1.750% Due 10/31/2020	22,000.00	Various 1.45%	22,276.59 22,084.05	99.83 1.88%	21,962.19 64.87	8.14% (121.86)	Aaa / AA+ AAA	1.34 1.31
912828A83	US Treasury Note 2.375% Due 12/31/2020	22,000.00	08/24/2016 1.08%	23,208.35 22,417.49	100.79 1.84%	22,173.60 1.42	8.20% (243.89)	Aaa / AA+ AAA	1.51 1.47
912828B90	US Treasury Note 2.000% Due 02/28/2021	22,000.00	08/24/2016 1.10%	22,868.90 22,320.57	100.30 1.82%	22,066.18 147.07	8.21% (254.39)	Aaa / AA+ AAA	1.67 1.62
912828WN6	US Treasury Note 2.000% Due 05/31/2021	20,000.00	07/11/2016 1.01%	20,937.57 20,367.88	100.43 1.77%	20,085.94 33.88	7.44% (281.94)	Aaa / AA+ AAA	1.92 1.87
912828F21	US Treasury Note 2.125% Due 09/30/2021	25,000.00	10/27/2016 1.38%	25,879.97 25,402.30	100.84 1.74%	25,210.95 133.54	9.37% (191.35)	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.750% Due 02/28/2022	24,000.00	04/24/2017 1.84%	23,905.39 23,947.96	100.06 1.73%	24,015.00 140.38	8.93% 67.04	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 08/31/2022	23,000.00	09/18/2017 1.84%	23,039.61 23,025.36	100.45 1.73%	23,103.32 144.14	8.59% 77.96	Aaa / AA+ AAA	3.17 3.05
912828N30	US Treasury Note 2.125% Due 12/31/2022	20,000.00	01/09/2018 2.31%	19,825.00 19,876.75	101.36 1.72%	20,272.66 1.15	7.50% 395.91	Aaa / AA+ AAA	3.51 3.36
9128284D9	US Treasury Note 2.500% Due 03/31/2023	22,000.00	06/13/2018 2.84%	21,669.14 21,741.32	102.79 1.73%	22,613.60 138.25	8.41% 872.28	Aaa / AA+ AAA	3.75 3.55
912828T91	US Treasury Note 1.625% Due 10/31/2023	20,000.00	02/21/2019 2.52%	19,214.84 19,274.00	99.50 1.75%	19,900.00 54.76	7.38% 626.00	Aaa / AA+ AAA	4.34 4.15
912828WJ5	US Treasury Note 2.500% Due 05/15/2024	22,000.00	06/18/2019 1.84%	22,676.33 22,671.80	103.43 1.76%	22,755.39 70.24	8.44% 83.59	Aaa / AA+ AAA	4.88 4.57
TOTAL US Treasury		264,000.00	1.68%	268,007.94 265,269.09	1.78%	266,085.79 1,078.82	98.77% 816.70	Aaa / AA+ Aaa	2.67 2.56
TOTAL PORTFOLIO		267,328.00	1.68%	271,335.94 268,597.09	1.78%	269,413.79 1,078.82	100.00% 816.70	Aaa / AA+ Aaa	2.63 2.53
TOTAL MARKET VALUE PLUS ACCRUALS						270,492.61			

Holdings Report

As of June 30, 2019

Brea CFD 2008 2 17 Reserve Fund - Account #10600

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	8,648.53	Various 1.92%	8,648.53 8,648.53	1.00 1.92%	8,648.53 0.00	1.27% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund FI		8,648.53	1.92%	8,648.53 8,648.53	1.92%	8,648.53 0.00	1.27% 0.00	Aaa / AAA Aaa	0.00 0.00
US Treasury									
912828A83	US Treasury Note 2.375% Due 12/31/2020	110,000.00	06/28/2018 2.58%	109,467.19 109,680.66	100.79 1.84%	110,868.01 7.10	16.29% 1,187.35	Aaa / AA+ AAA	1.51 1.47
912828F21	US Treasury Note 2.125% Due 09/30/2021	110,000.00	06/28/2018 2.64%	108,242.58 108,785.03	100.84 1.74%	110,928.18 587.57	16.38% 2,143.15	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.750% Due 02/28/2022	110,000.00	06/13/2018 2.79%	105,986.72 107,118.14	100.06 1.73%	110,068.75 643.41	16.26% 2,950.61	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 08/31/2022	110,000.00	06/13/2018 2.82%	105,887.89 106,908.57	100.45 1.73%	110,494.12 689.37	16.33% 3,585.55	Aaa / AA+ AAA	3.17 3.05
9128284D9	US Treasury Note 2.500% Due 03/31/2023	110,000.00	06/13/2018 2.84%	108,345.70 108,706.60	102.79 1.73%	113,068.01 691.26	16.71% 4,361.41	Aaa / AA+ AAA	3.75 3.55
912828WJ5	US Treasury Note 2.500% Due 05/15/2024	110,000.00	06/18/2019 1.84%	113,381.64 113,359.00	103.43 1.76%	113,776.96 351.22	16.76% 417.96	Aaa / AA+ AAA	4.88 4.57
TOTAL US Treasury		660,000.00	2.58%	651,311.72 654,558.00	1.75%	669,204.03 2,969.93	98.73% 14,646.03	Aaa / AA+ Aaa	3.05 2.91
TOTAL PORTFOLIO		668,648.53	2.57%	659,960.25 663,206.53	1.76%	677,852.56 2,969.93	100.00% 14,646.03	Aaa / AA+ Aaa	3.01 2.87
TOTAL MARKET VALUE PLUS ACCRUALS						680,822.49			

Holdings Report

As of June 30, 2019

City of Brea Laif - Account #10164

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	22,474,522.75	Various 2.41%	22,474,522.75 22,474,522.75	1.00 2.41%	22,474,522.75 152,022.96	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL LAIF		22,474,522.75	2.41%	22,474,522.75	2.41%	22,474,522.75 152,022.96	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		22,474,522.75	2.41%	22,474,522.75	2.41%	22,474,522.75 152,022.96	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUALS						22,626,545.71			

Holdings Report

As of June 30, 2019

Successor Agency to the Brea RDA LAIF - Account #10166

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	275,725.69	Various 2.41%	275,725.69 275,725.69	1.00 2.41%	275,725.69 11,309.72	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL LAIF		275,725.69	2.41%	275,725.69 275,725.69	2.41%	275,725.69 11,309.72	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		275,725.69	2.41%	275,725.69 275,725.69	2.41%	275,725.69 11,309.72	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUALS						287,035.41			



Section 4 | Transactions

Transaction Ledger

As of June 30, 2019

City of Brea - Account #120

March 31, 2019 through June 30, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/29/2019	06051GHF9	200,000.00	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due: 03/05/2024	101.321	3.18%	202,642.00	1,065.00	203,707.00	0.00
Purchase	04/29/2019	24422ETG4	200,000.00	John Deere Capital Corp Note 2.8% Due: 03/06/2023	100.107	2.77%	200,214.00	824.44	201,038.44	0.00
Purchase	04/29/2019	48128BAB7	300,000.00	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due: 01/15/2023	100.078	2.94%	300,234.00	2,575.73	302,809.73	0.00
Purchase	04/30/2019	037833AK6	365,000.00	Apple Inc Note 2.4% Due: 05/03/2023	98.984	2.67%	361,291.60	4,307.00	365,598.60	0.00
Purchase	04/30/2019	3130AB3H7	1,500,000.00	FHLB Note 2.375% Due: 03/08/2024	100.007	2.37%	1,500,105.00	5,145.83	1,505,250.83	0.00
Purchase	04/30/2019	912796QH5	3,500,000.00	US Treasury Bill 2.389% Due: 05/23/2019	99.847	2.43%	3,494,656.81	0.00	3,494,656.81	0.00
Purchase	04/30/2019	912796VB2	3,500,000.00	US Treasury Bill 2.412% Due: 05/14/2019	99.906	2.45%	3,496,717.00	0.00	3,496,717.00	0.00
Purchase	04/30/2019	912828B66	1,500,000.00	US Treasury Note 2.75% Due: 02/15/2024	101.977	2.31%	1,529,648.44	8,432.32	1,538,080.76	0.00
Purchase	04/30/2019	931142EK5	904,000.00	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due: 06/26/2023	102.740	2.68%	928,769.60	10,586.84	939,356.44	0.00
Purchase	05/02/2019	857477AV5	500,000.00	State Street Bank Note 1.95% Due: 05/19/2021	98.640	2.64%	493,200.00	4,414.58	497,614.58	0.00
Purchase	05/16/2019	89114QCB2	200,000.00	Toronto Dominion Bank Note 3.25% Due: 03/11/2024	101.882	2.83%	203,764.00	1,173.61	204,937.61	0.00
Purchase	05/20/2019	06406RAG2	800,000.00	Bank of NY Mellon Corp Note 3.5% Due: 04/28/2023	102.656	2.78%	821,248.00	1,711.11	822,959.11	0.00
Purchase	05/20/2019	06406RAJ6	250,000.00	Bank of NY Mellon Corp Note 3.45% Due: 08/11/2023	102.630	2.79%	256,575.00	2,371.88	258,946.88	0.00
Purchase	05/20/2019	69371RP59	200,000.00	Paccar Financial Corp Note 3.4% Due: 08/09/2023	101.909	2.92%	203,818.00	1,907.78	205,725.78	0.00

Transaction Ledger

As of June 30, 2019

City of Brea - Account #120

March 31, 2019 through June 30, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Purchase	05/21/2019	02665WCQ2	200,000.00	American Honda Finance Note 3.625% Due: 10/10/2023	103.855	2.69%	207,710.00	825.69	208,535.69	0.00
Purchase	05/22/2019	808513AT2	750,000.00	Charles Schwab Corp Callable Note Cont 12/25/2022 2.65% Due: 01/25/2023	99.737	2.73%	748,027.50	6,459.38	754,486.88	0.00
Purchase	05/23/2019	44932HAC7	250,000.00	IBM Credit Corp Note 2.2% Due: 09/08/2022	97.911	2.87%	244,777.50	1,145.83	245,923.33	0.00
Purchase	05/30/2019	912796VG1	5,000,000.00	US Treasury Bill 2.285% Due: 06/18/2019	99.879	2.32%	4,993,968.82	0.00	4,993,968.82	0.00
Purchase	05/30/2019	912828T91	1,500,000.00	US Treasury Note 1.625% Due: 10/31/2023	98.199	2.05%	1,472,988.28	1,987.09	1,474,975.37	0.00
Purchase	06/11/2019	912828X70	1,000,000.00	US Treasury Note 2% Due: 04/30/2024	100.352	1.92%	1,003,515.63	2,282.61	1,005,798.24	0.00
Purchase	06/19/2019	3130A1XJ2	565,000.00	FHLB Note 2.875% Due: 06/14/2024	104.331	1.96%	589,470.15	225.61	589,695.76	0.00
Purchase	06/19/2019	3130A1XJ2	935,000.00	FHLB Note 2.875% Due: 06/14/2024	104.323	1.96%	975,420.05	373.35	975,793.40	0.00
Purchase	06/24/2019	3135G0U43	1,500,000.00	FNMA Note 2.875% Due: 09/12/2023	103.987	1.89%	1,559,805.00	12,218.75	1,572,023.75	0.00
Purchase	06/24/2019	912828V23	1,250,000.00	US Treasury Note 2.25% Due: 12/31/2023	101.965	1.80%	1,274,560.55	13,596.34	1,288,156.89	0.00
Purchase	06/27/2019	62479MXN8	1,500,000.00	MUFG Bank Ltd/NY Discount CP 2.27% Due: 10/22/2019	99.262	2.32%	1,488,933.75	0.00	1,488,933.75	0.00
Purchase	06/27/2019	912828F39	800,000.00	US Treasury Note 1.75% Due: 09/30/2019	99.906	2.10%	799,250.00	3,366.12	802,616.12	0.00
Subtotal			29,169,000.00				29,351,310.68	86,996.89	29,438,307.57	0.00
TOTAL ACQUISITIONS			29,169,000.00				29,351,310.68	86,996.89	29,438,307.57	0.00

Transaction Ledger

As of June 30, 2019

City of Brea - Account #120

March 31, 2019 through June 30, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Sale	05/20/2019	06406HCW7	205,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due: 09/11/2019	99.911	2.58%	204,817.55	903.71	205,721.26	-185.70
Sale	06/13/2019	674599CK9	240,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	99.475	2.79%	238,740.00	1,005.33	239,745.33	2,996.83
Sale	06/24/2019	674599CK9	240,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	100.232	2.51%	240,556.80	1,196.00	241,752.80	4,768.47
Sale	06/25/2019	674599CK9	220,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	100.072	2.57%	220,158.40	1,112.22	221,270.62	4,015.34
Subtotal			905,000.00				904,272.75	4,217.26	908,490.01	11,594.94
Maturity	05/14/2019	912796VB2	3,500,000.00	US Treasury Bill 2.412% Due: 05/14/2019	100.000		3,496,717.00	3,283.00	3,500,000.00	0.00
Maturity	05/23/2019	912796QH5	3,500,000.00	US Treasury Bill 2.389% Due: 05/23/2019	100.000		3,494,656.81	5,343.19	3,500,000.00	0.00
Maturity	06/18/2019	912796VG1	5,000,000.00	US Treasury Bill 2.285% Due: 06/18/2019	100.000		4,993,968.82	6,031.18	5,000,000.00	0.00
Maturity	06/23/2019	40434CAC9	800,000.00	HSBC USA Inc Note 2.25% Due: 06/23/2019	100.000		800,000.00	0.00	800,000.00	0.00
Subtotal			12,800,000.00				12,785,342.63	14,657.37	12,800,000.00	0.00
TOTAL DISPOSITIONS			13,705,000.00				13,689,615.38	18,874.63	13,708,490.01	11,594.94

Important Disclosures

As of June 30, 2019

2019 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

ICE BAML 3-Month US Treasury Bill Index

The ICE BAML US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. (Index: G001. Please visit www.mlindex.ml.com for more information)

0-3 yr Treasury*

The ICE BAML 0-3 Year US Treasury Index tracks the performance of US Dollar denominated Sovereign debt publically issued by the US government in its domestic market with maturities less than three years. Qualifying securities must have at least 18 months to maturity at point of issuance, at least one month and less than three years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion. (Index: G1QA. Please visit www.mlindex.ml.com for more information)

The ICE BAML US 1-Year Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. (Index: G003. Please visit www.mlindex.ml.com for more information)

The ICE BAML US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. (Index: G001. Please visit www.mlindex.ml.com for more information)

The ICE BAML US 6-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. (Index: G002. Please visit www.mlindex.ml.com for more information)

The ICE BAML 1-3 Year US Treasury Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion. Qualifying securities must have at least 18 months to final maturity at the time of issuance. (Index: G102. Please visit www.mlindex.ml.com for more information)

ICE BAML 3-5 Yr US Treasury/Agency Index

The ICE BAML 3-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least three years remaining term to final maturity and less than five years remaining term to final maturity, at least three years to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies. (Index: G2A0. Please visit www.mlindex.ml.com for more information)

ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx

The ICE BAML US Issuers 1-5 Year AAA-A US Corporate & Government Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational and corporate securities. Qualifying securities must issued from US issuers and be rated AAA through A3 (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for US Treasuries and \$250 million for all other securities. (Index: GU10. Please visit www.mlindex.ml.com for more information)

ICE BAML 1-5 Yr US Treasury/Agency Index*

The ICE BAML 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies. (Index: GVA0. Please visit www.mlindex.ml.com for more information)

The ICE BAML US 1-Year Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. (Index: G003. Please visit www.mlindex.ml.com for more information)

City of Brea

COMMUNICATION

TO: Honorable Chair and Members

FROM: Bill Gallardo

DATE: 07/22/2019

SUBJECT: Review of PARS Post Employment Benefit Trust Investment Report for Period
Ending June 30, 2019 by PARS and HighMark Capital Management

Attachments

Report



PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

CITY OF BREA

Pension Rate Stabilization Program (PRSP) Client Review
July 22, 2019

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OPEB/PENSION PROGRAM TEAM



Trust Administrator & Consultant

- Recordkeeping/sub-trust accounting
- Actuarial coordination
- Monitor contributions/process distributions
- Monitor plan compliance
- Ongoing client liaison

Trustee

- Safeguard plan assets
- Oversight protection
- Plan fiduciary
- Custodian of assets

Investment Manager

- Investment sub-advisor to U.S. Bank
- Open architecture
- Investment strategy and asset allocation development
- Investment policy assistance

Corporate Experience

35 years (1984 – 2019)

156 years (1863 – 2019)

100 years (1919 – 2019)

Plans Under Administration

1,600+ plans, 850+ public agencies, 430,000+ participants

Dollars under Administration

Over \$3.6 billion

Over \$5 trillion

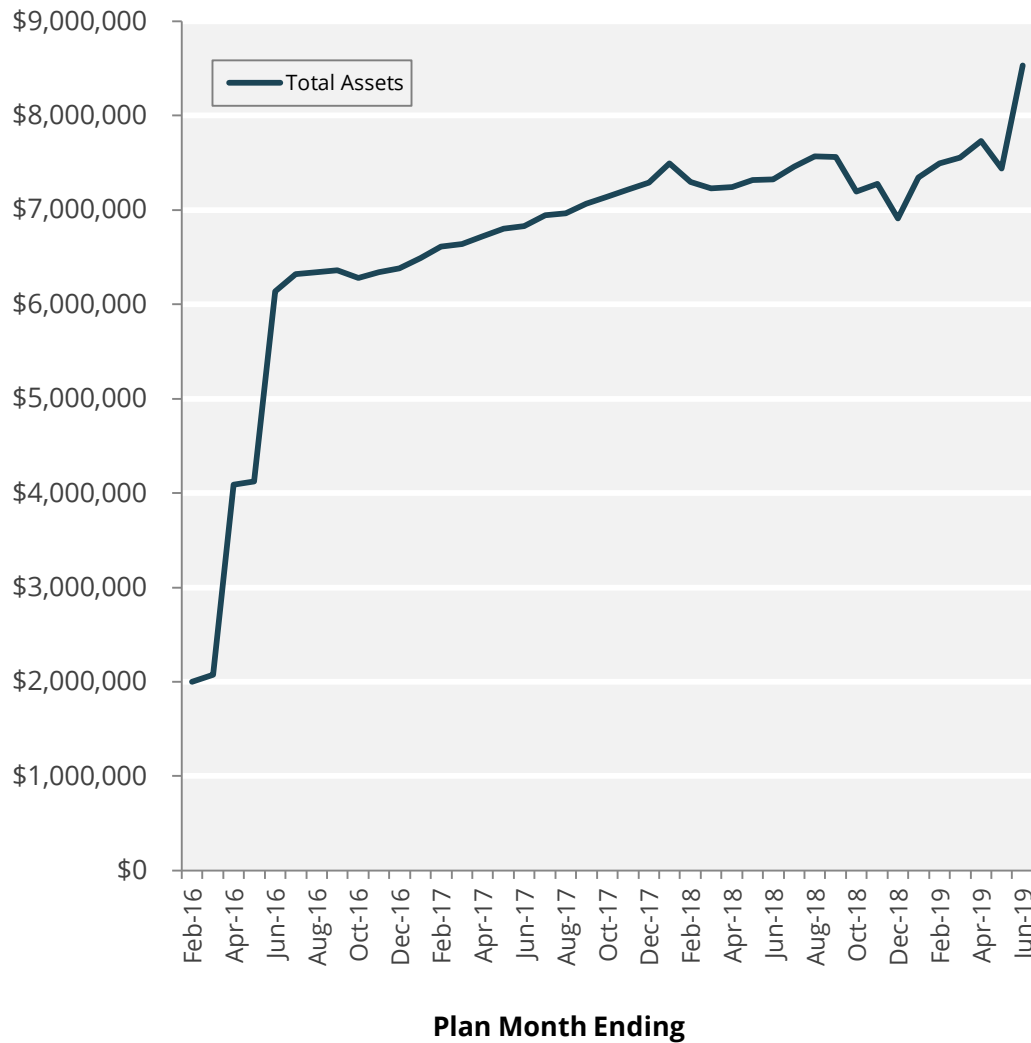
Over \$15.8 billion
under management

SUMMARY OF AGENCY'S PRSP PLAN

Type of Plan:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	November 17, 2015
Plan Administrator:	Bill Gallardo - City Manager
Current Investment Strategy:	Balanced HighMark PLUS (Active) – Individual Acct - Selected on 01/20/2016
Initial Contribution:	February 19, 2016 – \$2,000,000
Additional Contributions:	April 22, 2016 - \$2,000,000 June 17, 2016 - \$2,000,000 June 25, 2019 – \$756,800

PLAN ASSETS

AS OF PLAN YEAR ENDING JUNE 30, 2019:



Month	Total Assets
Feb-16	\$2,000,002
Mar-16	\$2,076,372
Apr-16	\$4,088,782
May-16	\$4,119,873
Jun-16	\$6,136,584
Jul-16	\$6,317,882
Aug-16	\$6,343,119
Sep-16	\$6,364,534
Oct-16	\$6,282,069
Nov-16	\$6,342,122
Dec-16	\$6,383,199
Jan-17	\$6,492,173
Feb-17	\$6,609,515
Mar-17	\$6,637,885
Apr-17	\$6,718,258
May-17	\$6,800,239
Jun-17	\$6,827,779
Jul-17	\$6,943,199
Aug-17	\$6,966,093
Sep-17	\$7,063,813
Oct-17	\$7,139,409
Nov-17	\$7,217,707
Dec-17	\$7,289,127
Jan-18	\$7,495,713
Feb-18	\$7,296,831
Mar-18	\$7,229,594
Apr-18	\$7,243,745
May-18	\$7,321,053
Jun-18	\$7,325,249
Jul-18	\$7,459,100
Aug-18	\$7,568,630
Sep-18	\$7,562,278
Oct-18	\$7,192,718
Nov-18	\$7,278,137
Dec-18	\$6,913,097
Jan-19	\$7,343,700
Feb-19	\$7,493,685
Mar-19	\$7,558,326
Apr-19	\$7,733,596
May-19	\$7,441,700
Jun-19	\$8,529,527*

*Ending balance is not inclusive of residual assets from the trust depository earnings and may vary by a few dollars.

PARS Plan: City of Brea

July 2019

**Presented by
Keith Stribling, CFA**

DISCUSSION HIGHLIGHTS – City of Brea

Investment objective – Balanced

Asset Allocation: PARS/Balanced (As of 06/30/2019)

- Allocation Target – 60.36% stocks (50-70% range), 34.24% bonds (30-50% range), 5.43% cash (0-20% range)
- Large cap 32.34%, Mid-cap 4.74%, Small cap 9%, International 11.61%; REIT 2.63%

Performance: City of Brea

(as of 06/30/2019) gross of investment management fees, net of fund fees

- 3 Months: 2.89%
- 6 Months (YTD): 12.63%
- 1 Year: 6.54%
- 3 Years: 8.79%
- ITD (2/1/2016): 9.45%
- Bonds – Credit risk generally outperformed
- Stocks – Stocks are generally strong & active management relative performance has improved

12-Month Changes

- Recently changed small cap growth manager from T Rowe Price New Horizons Fund to Victory Small Cap Growth
- Raised weight in Emerging Markets equities

DISCUSSION HIGHLIGHTS – City of Brea

Economic Review

- Democrats take the House – checks and balances coming back to DC
- Positive changes in Fiscal policy but using tariffs as a negotiating tool are offsetting
- Fed, a new chairman & monetary policy – gradual tightening cycle & addressing the balance sheet
- Interest rates – yield curve inversion...what does it mean?
- Consumer well positioned underpinned by strong employment
- International economies in struggling to recover & continued QE abroad

2019 Outlook

- Modest GDP growth
 - 2019E 2.0% - 2.5%; positive but slowing in 2020
 - 10-yr yield 2.75% - 3.25%
- Fed Funds 2.25% - 2.75%

As of: June 30, 2019

Account Name: PARS/ CITY OF BREA PRSP
Account ID: xxxxxx0800



Performance Report

	3 Months	Year to Date (6 Months)	1 Year	3 Years	Inception to Date 02/01/2016
Cash Equivalents	.58	1.15	2.15	1.24	1.10
<i>Lipper Money Market Funds Index</i>	.54	1.10	2.06	1.16	1.03
Total Fixed Income	2.19	5.13	6.61	2.17	
<i>BBG Barclays US Aggregate Bd Index (USD)</i>	3.08	6.11	7.87	2.31	3.17
Total Equities	3.54	17.88	6.07	13.40	14.60
Large Cap Funds	3.60	17.42	7.89	14.89	15.46
<i>S&P 500 Composite Index</i>	4.30	18.54	10.42	14.19	15.31
Mid Cap Funds	3.89	20.97	7.47	11.92	14.07
<i>Russell Midcap Index</i>	4.13	21.35	7.83	12.16	14.59
Small Cap Funds	4.45	22.58	4.97	15.66	17.16
<i>Russell 2000 Index (USD)</i>	2.10	16.98	-3.31	12.30	14.48
International Equities	3.07	14.04	1.27	9.50	10.91
<i>MSCI EAFE Index (Net)</i>	3.68	14.03	1.08	9.11	8.90
<i>MSCI EM Free Index (Net USD)</i>	.61	10.58	1.21	10.66	13.52
Real Estate - ETFs / Sctr Fds	1.65	19.29	12.00		
<i>Wilshire REIT Index</i>	1.63	17.92	10.53	4.11	8.11
Total Managed Portfolio	2.89	12.63	6.54	8.79	9.45

Returns are gross of account level investment advisory fees and net of any fees including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured have no bank guarantee and may lose value.

ASSET ALLOCATION- City of Brea

Current Asset Allocation	Weight	Ticker	Investment Vehicle	Market Value
Equity	60.33%		Range: 50%-70%	\$ 5,127,073.59
Large Cap Core	5.05%	COFYX	Columbia Contrarian Core C Y	\$429,405.18
	13.05%	VGIAX	Vanguard Gro & Inc Admiral Shrs	\$1,109,031.93
Large Cap Value	7.05%	DODGX	Dodge & Cox Stock Fund	\$599,391.69
Large Cap Growth	3.60%	HNACX	Harbor CP Appre Rtrmt CI	\$305,945.63
	3.59%	PRUFX	T. Rowe Price Growth Stock Fund	\$304,738.39
Mid Cap Core	4.74%	IWR	Ishares Russell Mid Cap Core ETF	\$402,990.31
Small Cap Value	4.47%	UBVFX	Undiscovered Mgrs Behavl R6	\$379,997.27
Small Cap Growth	4.53%	RSEJX	Victory Rs Sm Cap Grow	\$384,604.77
International Core	2.71%	DFALX	DFA Large Cap International Port	\$230,295.61
International Value	1.99%	DODFX	Dodge & Cox International Stock Fund	\$169,304.45
International Growth	1.98%	MGRDX	MFS International Growth	\$168,644.77
Emerging Markets	4.93%	HHHYX	Hartford Schrodgers Mkts Eq CI Y	\$419,329.19
REIT	2.63%	VNQ	Vanguard Real Estate ETF	\$223,394.40
Fixed Income	34.24%		Range: 30%-50%	\$ 2,909,617.66
Individual Fixed Income	27.24%		Corporate Bonds	\$ 2,315,098.50
High Yield	7.00%	VFSUX	Vngrd St Term Invmt Grade ADM	\$594,519.16
Cash	5.43%		Range: 0%-20%	\$ 461,798.69
	5.43%	FGZXX	FIRST AMERN GOVT OBLIG FD CL Z	\$461,798.69
TOTAL	100.00%			8,498,489.94

ASSET ALLOCATION- City of Brea

Current Asset Allocation		Weight	Ticker	Investment Vehicle		Market Value
Fixed Income		100.00%		Range: 30%-50%		
1-3 yrs	38.06%					
		4.32%	BDX	Becton Dickinson	2.68% 12/15/19	\$100,032.00
	AA+	7.58%	GE	GE Credit Corp	6.00% 8/07/19	\$175,574.00
	AA+	8.76%	GE	GE Credit Corp	5.50% 01/08/20	\$202,842.00
	AA-	8.74%	CSCO	Cisco Systems	2.90% 3/04/21	\$202,454.00
	A+	8.65%	V	Visa Inc	2.20% 12/14/20	\$200,314.00
3-5 yrs	22.05%					
	AA+	6.63%	AAPL	Apple	2.85% 02/23/23	\$153,598.50
		3.27%	JPM	JP Morgan Chase & Co	2.70% 5/18/23	\$75,768.75
		3.26%	STI	Suntrust Banks	2.700% 1/27/22	\$75,547.50
	A	8.88%	MDT	Medtronic Inc	3.13% 03/15/22	\$205,560.00
5-7 yrs	26.54%					
	BBB	4.56%	MDLZ	Mondelez Inc	4.0% 2/01/24	\$105,560.00
		3.32%	PEP	Pepsico Inc	2.750% 4/30/25	\$76,878.75
	BBB+	9.65%	VZ	Verizon Communications	5.15% 9/15/23	\$223,316.00
		4.54%	SYK	Stryker Corp	3.38% 11/01/25	\$105,085.00
	A	4.47%	WFC	Wells Fargo Corp	3.30% 9/09/24	\$103,476.00
7-10 yrs	13.35%					
	A	4.62%	ICE	Intercontinental Exchange	3.75% 12/01/25	\$107,000.00
	A	4.40%	KMB	Kimberly Clark	2.75% 2/15/26	\$101,833.00
	AA-	4.33%	NKE	Nike Inc NT	2.375% 11/01/26	\$100,259.00
TOTAL	100.00%					2,315,098.50

City of Brea

LARGE CAP EQUITY FUNDS

Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	7.00	4.68	19.57	9.75	12.20	9.69	14.39
Vanguard Growth & Income Adm	6.99	3.69	17.50	8.93	13.49	10.53	14.67
Harbor Capital Appreciation Retirement	7.77	3.05	21.17	8.12	20.28	13.65	15.93
T. Rowe Price Growth Stock I	6.35	3.83	20.37	8.45	19.91	13.77	16.66
Dodge & Cox Stock	5.81	2.60	13.15	4.14	14.43	8.26	14.04
S&P 500 TR USD	7.05	4.30	18.54	10.42	14.19	10.71	14.70

MID CAP EQUITY FUNDS

iShares Russell Mid-Cap ETF	6.84	4.07	21.22	7.72	11.99	8.47	14.97
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SMALL CAP EQUITY FUNDS

Undiscovered Managers Behavioral Val R6	8.38	2.20	16.50	-4.69	9.19	7.10	15.41
Victory RS Small Cap Growth R6	7.70	7.09	31.55	6.58	23.13	12.74	17.25
T. Rowe Price New Horizons I	6.87	8.06	30.52	18.16	24.18	15.77	20.85
Russell 2000 TR USD	7.07	2.10	16.98	-3.31	12.30	7.06	13.45

REAL ESTATE FUNDS

Vanguard Real Estate ETF	1.71	1.72	19.30	12.21	4.03	7.69	15.46
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INTERNATIONAL EQUITY FUNDS

Dodge & Cox International Stock	6.82	2.81	12.87	-0.31	9.31	0.42	7.41
DFA Large Cap International I	6.07	3.28	14.11	0.32	8.96	2.05	6.79
MFS International Growth R6	6.55	4.92	18.15	6.54	12.85	6.17	9.40
MSCI EAFE NR USD	5.93	3.68	14.03	1.08	9.11	2.25	6.90
Hartford Schroders Emerging Mkts Eq Y	7.25	2.15	12.89	1.65	12.20	3.65	6.29
MSCI EM NR USD	6.24	0.61	10.58	1.21	10.66	2.49	5.81

BOND FUNDS

DoubleLine Core Fixed Income I	1.31	3.02	6.07	7.04	3.12	3.40	-
PGIM Total Return Bond R6	1.58	3.68	7.85	9.22	4.00	4.12	6.29
PIMCO Total Return Instl	1.08	3.21	6.08	7.64	3.18	3.02	4.69
Vanguard Short-Term Investment-Grade Adm	0.82	1.92	4.14	5.48	2.31	2.26	3.15
BBgBarc US Agg Bond TR USD	1.26	3.08	6.11	7.87	2.31	2.95	3.90

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

City of Brea

INVESTMENT ADVISORY COMMITTEE COMMUNICATION

TO: Honorable Chair and Committee Members

FROM: Bill Gallardo, City Manager

DATE: 07/22/2019

SUBJECT: Monthly Report of Investments for the City of Brea for Period Ending June 30, 2019

RECOMMENDATION

Receive and file.

BACKGROUND/DISCUSSION

The Monthly Report of Investments is in accordance with Government Code Section 53607 and contains information on the investment activities for the month of June. Cash for day-to-day activities is deposited in the demand and interest-bearing checking accounts.

The Local Agency Investment Fund (LAIF) is used for short term investment and functions like a savings account. The City's managed investment portfolio is for longer-term investments which are managed through Chandler Asset Management. Together, the short and long-term investment accounts represent the City's investment portfolio. Attachment A includes a Portfolio Summary, Holdings Report, Book Value Report and Compliance with Investment Policy Statement prepared by Chandler Asset Management for the invested funds. The book value is the cost, plus or minus amortization/accretion.

As of May 31, 2019, the total market value of the managed investment portfolio, including accrued interest, was \$75,249,274.61 as compared to \$74,736,200.42 at May 31, 2019. The weighted average investment yield for June 2019 was 2.19%, which was slightly lower than the prior month. The City's Local Agency Investment Fund (LAIF) had a total market value, including accrued interest of \$22,626,545.71 at June 30, 2019. This brings the total value of the City's investment portfolio as of June 30, 2019 to \$97,875,820.32 as compared to \$99,313,982.79 at May 31, 2019.

Restricted cash and investments are held in the post-employment benefits trust account administered by PARS (PARS account) and managed by HighMark Capital and the City's various bond reserve accounts which are managed by Chandler Asset Management.

Attachment A includes a monthly statement from US Bank for the PARS account as well as a portfolio report from Chandler Asset Management for each bond reserve account that is invested. As of June 30, 2019, the market value of the PARS account, including short-term cash and accrued interest was \$8,529,527.03 as compared to \$7,441,699.85 from the prior month. All other restricted cash investments (bond reserve accounts), including short-term cash and accrued interest was \$7,466,755.13 in comparison to \$5,183,658.10 from the prior month.

All City investments are GASB rated No. 1, where the custodian (The Bank of New York Mellon Trust Company, N.A.) acts as an agent of the City, and is not a counter party to the investment transaction, and all securities are held in the name of the City of Brea. The custodial account at Bank of New York and account records with Chandler Asset Management have been reconciled to par value for the month. The City of Brea has sufficient cash flow to meet its expected expenditures for the next six months.

FISCAL IMPACT/SUMMARY

During the month of June, the total value of the City's investment portfolio decreased by \$1,438,162.47. This is primarily due to funds being transferred to the City's bond trustee in preparation of debt service payments for the 2009, 2010 and 2014 Water Revenue Bonds. The City's PARS account increased by \$1,087,827.18 from market rate adjustments as well as a contribution made in the amount of \$756,800.00 that was authorized by City Council on June 18, 2019. The City's bond reserve accounts increased by \$2,283,097.03 in preparation of debt service payments for the 2009, 2010 and 2014 Water Revenue Bonds that were due July 1, 2019.

RESPECTFULLY SUBMITTED

Respectfully submitted:

Prepared by: Alicia Brenner, Senior Fiscal Analyst

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Attachment A

City of Brea
Cash and Investment Information
June 30, 2019

		Cost Value	Market Value*
Demand and Interest-Bearing Checking Accounts	Citizen's Bank	\$ 3,087,617.61	\$ 3,087,617.61
Local Agency Investment Fund	LAIF	\$ 22,474,522.75	\$ 22,626,545.71
Managed Investment Portfolio - CHANDLER	Chandler	\$ 74,077,572.42	\$ 75,249,274.61
PARS Post-Employment Benefits Trust**	US Bank	\$ 7,950,423.97	\$ 8,529,527.03
<u>Fiscal Agent Cash & Investments**</u>			
2005 Olinda Ranch Public Improvements Bonds (CFD 1997-1)	Chandler/BNY	\$ 464,797.82	\$ 470,468.96
2009 Water Revenue Bonds	Chandler/BNY	\$ 3,225,222.75	\$ 3,217,715.20
2010 Water Revenue Bonds	Chandler/BNY	\$ 1,877,509.95	\$ 1,875,987.89
2010 Lease Revenue Bonds	Chandler/BNY	\$ 271,416.88	\$ 270,573.55
2014 Downtown Brea Public Improvements CFD Bonds	Chandler/BNY	\$ 167,029.00	\$ 167,029.00
2014 Water Revenue Bonds	Chandler/BNY	\$ 767,734.38	\$ 767,734.38
2017 Brea Plaza Public Improvements CFD Bonds (CFD 2008-2)	Chandler/BNY	\$ 676,383.91	\$ 697,246.15
Sub-total - Fiscal Agent Cash & Investments		\$ 7,450,094.69	\$ 7,466,755.13
Report Grand Total		\$ 115,040,231.44	\$ 116,959,720.09

* Includes accrued interest on invested funds

** Reserve Fund

City of Brea
Cash and Investment Information
June 30, 2019

Fiscal Agent Cash & Investments Detail		Cost Value	Market Value
10103	2005 Olinda Ranch Public Improvements Bonds (CFD 1997-1) - CHANDLER	\$ 460,901.53	\$ 466,572.67
	Short-Term Treasury Funds - BNY	\$ 3,896.29	\$ 3,896.29
	Sub-total	\$ 464,797.82	\$ 470,468.96
10073	2009 Water Revenue Bonds - CHANDLER	\$ 1,975,103.99	\$ 1,967,596.44
	Short-Term Treasury Funds - BNY	\$ 1,250,118.76	\$ 1,250,118.76
		\$ 3,225,222.75	\$ 3,217,715.20
10128	2010 Water Revenue Bonds - CHANDLER	\$ 1,392,191.97	\$ 1,390,669.91
	Short-Term Treasury Funds - BNY	\$ 485,317.98	\$ 485,317.98
	Sub-total	\$ 1,877,509.95	\$ 1,875,987.89
10129	2010 Lease Revenue Bonds - CHANDLER	\$ 271,335.94	\$ 270,492.61
	Short-Term Treasury Funds - BNY	\$ 80.94	\$ 80.94
	Sub-total	\$ 271,416.88	\$ 270,573.55
	2014 Downtown Brea Public Improvements CFD Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 167,029.00	\$ 167,029.00
	Sub-total	\$ 167,029.00	\$ 167,029.00
	2014 Water Revenue Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 767,734.38	\$ 767,734.38
	Sub-total	\$ 767,734.38	\$ 767,734.38
10600	2017 Brea Plaza Public Improvements CFD Bonds (CFD 2008-2) - CHANDLER	\$ 659,960.25	\$ 680,822.49
	Short-Term Treasury Funds - BNY	\$ 16,423.66	\$ 16,423.66
	Sub-total	\$ 676,383.91	\$ 697,246.15
Report Grand Total		\$ 7,450,094.69	\$ 7,466,755.13

PORTFOLIO CHARACTERISTICS

Average Modified Duration	0.00
Average Coupon	2.41%
Average Purchase YTM	2.41%
Average Market YTM	2.41%
Average S&P/Moody Rating	NR/NR
Average Final Maturity	0.00 yrs
Average Life	0.00 yrs

ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	24,474,523	22,474,523
Accrued Interest	103,260	152,023
Total Market Value	24,577,782	22,626,546
Income Earned	50,927	48,895
Cont/WD		-2,000,000
Par	24,474,523	22,474,523
Book Value	24,474,523	22,474,523
Cost Value	24,474,523	22,474,523

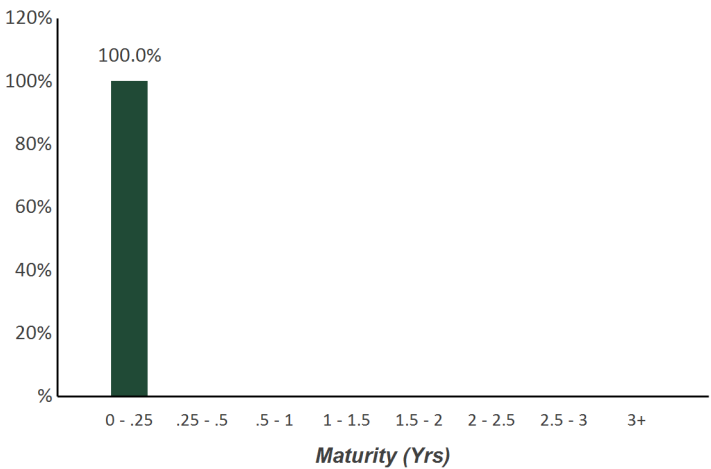
TOP ISSUERS

Local Agency Investment Fund	100.0%
Total	100.0%

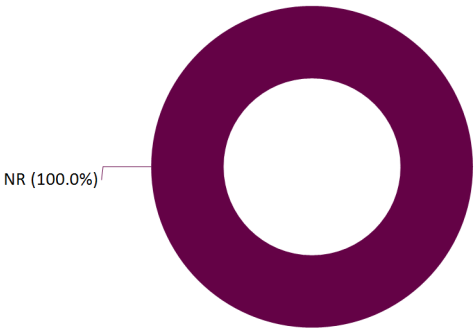
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	2/28/2012
City of Brea Laif	0.20%	0.66%	1.29%	2.44%	1.90%	1.50%	1.04%	N/A	N/A

Holdings Report

As of June 30, 2019

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	22,474,522.75	Various 2.41%	22,474,522.75 22,474,522.75	1.00 2.41%	22,474,522.75 152,022.96	100.00% 0.00	NR / NR NR	0.00 0.00
Total LAIF		22,474,522.75	2.41%	22,474,522.75	2.41%	22,474,522.75 152,022.96	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		22,474,522.75	2.41%	22,474,522.75	2.41%	22,474,522.75 152,022.96	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUED						22,626,545.71			



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.50
Average Coupon	2.17%
Average Purchase YTM	2.19%
Average Market YTM	1.97%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.73 yrs
Average Life	2.61 yrs

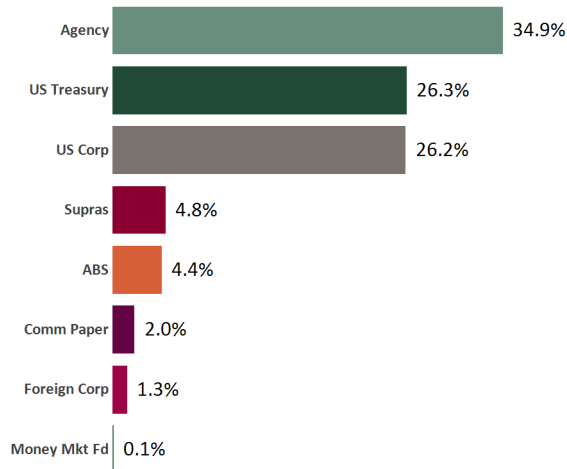
ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	74,367,742	74,863,407
Accrued Interest	368,459	385,868
Total Market Value	74,736,200	75,249,275
Income Earned	140,476	141,202
Cont/WD		0
Par	74,147,984	74,121,032
Book Value	74,045,400	74,180,973
Cost Value	73,944,323	74,077,572

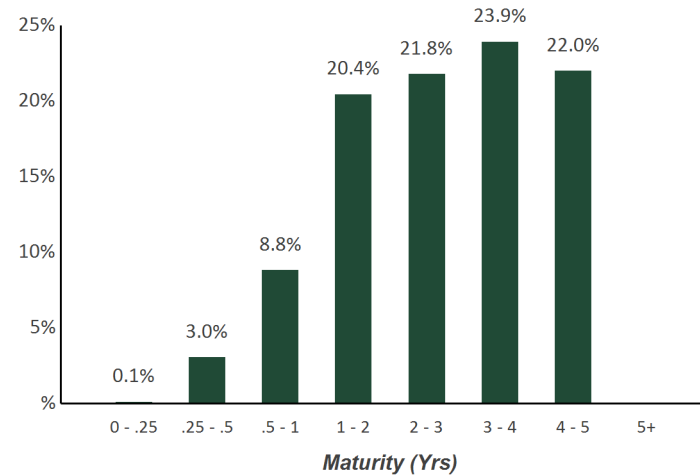
TOP ISSUERS

Government of United States	26.3%
Federal National Mortgage Assoc	16.0%
Federal Home Loan Bank	13.4%
Federal Home Loan Mortgage Corp	5.6%
Inter-American Dev Bank	4.2%
MUFG Bank Ltd/NY	2.0%
Bank of New York	1.5%
American Express ABS	1.4%
Total	70.3%

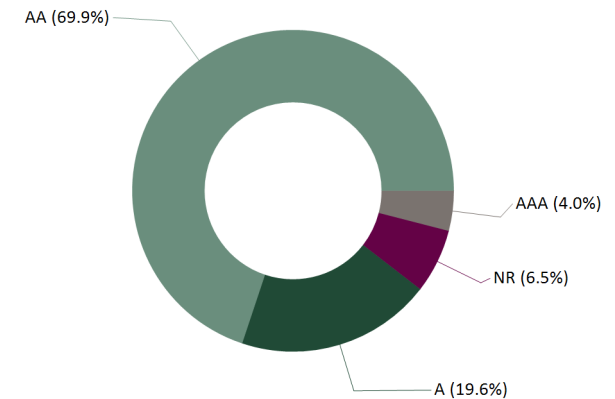
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized								
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	4/30/1996
City of Brea	0.69%	1.64%	3.11%	4.87%	2.38%	1.59%	1.74%	2.01%	3.86%
ICE BAML 1-5 Yr US Treasury/Agency Index*	0.65%	1.81%	3.05%	4.87%	2.24%	1.32%	1.54%	1.72%	3.50%
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.69%	1.83%	3.20%	5.01%	2.33%	1.44%	1.65%	1.94%	N/A

*ICE BAML 1-Yr US Treasury Bill Index to 9/30/01,

Statement of Compliance

As of June 30, 2019

ATTACHMENT A



City of Brea

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy

Category	Standard	Comment
Treasury Issues	No limitations	Complies
US Agencies	25% per issuer	Complies
Supranationals	"AA" rated by a NRSRO; 15% maximum; 5% max per issuer	Complies
Municipal Securities	5% max issuer	Complies
Banker's Acceptances	40% maximum; 5% max issuer; 180 days max maturity	Complies
Commercial Paper	A-1/P-1 by S&P and Moody's; 25% maximum; 5% max per issuer; 270 days max maturity	Complies
Certificates of Deposit(CDs)/ Time Deposits (TDs)	5% max issuer; FDIC Insured and/or Collateralized	Complies
Negotiable CDs	30% maximum; 5% max per issuer	Complies
Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer	Complies
Pass Through Securities, Asset-Backed Securities (ABS), CMOs	"AA" or higher by a NRSRO; "A" rated issuer by a NRSRO; 20% maximum (combined), 10% maximum (ABS); 5% max per issuer; CMOs must pass FFIEC test	Complies
Money Market Funds	Highest rating by two NRSROs; 20% maximum; 5% max per fund	Complies
LAIF	40%;<60%, with OCIP	Complies
OCIP	40%;<60%, with LAIF	Complies
Repurchase Agreements	5% max issuer; 1 year max maturity	Complies
Range notes	Prohibited	Complies
Interest-only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Agency Callable notes	5% maximum	Complies
Max Per Issuer	5% per issuer for all non government issuers and agencies	Complies
Maximum Maturity	5 years	Complies

Reconciliation Summary

As of June 30, 2019



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$74,045,400.17
<u>Acquisition</u>		
+ Security Purchases	\$7,690,955.13	
+ Money Market Fund Purchases	\$6,761,574.96	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$14,452,530.09
<u>Dispositions</u>		
- Security Sales	\$699,455.20	
- Money Market Fund Sales	\$7,723,017.91	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$5,793,968.82	
- Calls	\$0.00	
- Principal Paydowns	\$115,509.55	
Total Dispositions		\$14,331,951.48
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$3,213.84	
		\$3,213.84
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$11,780.64	
		\$11,780.64
ENDING BOOK VALUE		\$74,180,973.26

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$1,029,322.51
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$699,455.20	
Accrued Interest Received	\$3,313.55	
Interest Received	\$135,366.06	
Dividend Received	\$7,930.60	
Principal on Maturities	\$5,793,968.82	
Interest on Maturities	\$6,031.18	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$115,509.55	
Total Acquisitions	\$6,761,574.96	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$7,690,955.13	
Accrued Interest Paid	\$32,062.78	
Total Dispositions	\$7,723,017.91	
ENDING BOOK VALUE		\$67,879.56

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	238,450.00	01/23/2018 2.12%	238,425.64 238,438.36	99.93 2.49%	238,280.43 222.55	0.32% (157.93)	Aaa / AAA NR	1.30 0.19
654747AD6	Nissan Auto Receivables 2017-A A3 1.74% Due 8/16/2021	342,227.31	12/27/2017 2.10%	340,048.28 340,950.46	99.62 2.49%	340,924.06 248.11	0.45% (26.40)	Aaa / NR AAA	2.13 0.51
43811BAC8	Honda Auto Receivables 2017-2 A3 1.68% Due 8/16/2021	319,106.48	04/27/2018 2.62%	314,145.37 315,904.83	99.71 2.16%	318,191.90 238.27	0.42% 2,287.07	Aaa / AAA NR	2.13 0.60
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	105,368.17	07/11/2017 1.83%	105,360.45 105,364.00	99.74 2.27%	105,097.25 85.23	0.14% (266.75)	Aaa / NR AAA	2.30 0.58
47788CAC6	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	185,000.00	02/21/2018 2.68%	184,986.70 184,991.00	100.46 2.21%	185,847.30 218.71	0.25% 856.30	Aaa / NR AAA	2.80 0.97
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	495,000.00	08/21/2018 2.98%	494,932.09 494,946.42	101.25 2.10%	501,189.48 405.63	0.67% 6,243.06	Aaa / NR AAA	3.15 1.44
02587AAJ3	American Express Credit 2017-1 1.93% Due 9/15/2022	1,050,000.00	Various 2.61%	1,039,535.16 1,041,885.48	99.80 2.27%	1,047,852.75 900.67	1.39% 5,967.27	Aaa / NR AAA	3.21 0.61
47788EAC2	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	575,000.00	07/18/2018 3.10%	574,956.42 574,965.86	101.35 2.13%	582,750.41 787.11	0.78% 7,784.55	Aaa / NR AAA	3.38 1.38
Total ABS		3,310,151.96	2.64%	3,292,390.11 3,297,446.41	2.25%	3,320,133.58 3,106.28	4.42% 22,687.17	Aaa / AAA AAA	2.83 0.85
AGENCY									
3135G0A78	FNMA Note 1.625% Due 1/21/2020	1,000,000.00	Various 1.46%	1,008,032.32 1,000,908.38	99.74 2.09%	997,414.00 7,222.22	1.34% (3,494.38)	Aaa / AA+ AAA	0.56 0.55
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,250,000.00	05/28/2015 1.52%	1,241,437.50 1,248,548.33	99.43 2.07%	1,242,862.50 2,864.58	1.66% (5,685.83)	Aaa / AA+ AAA	0.84 0.82
3135G0D75	FNMA Note 1.5% Due 6/22/2020	1,030,000.00	Various 1.57%	1,026,700.60 1,029,331.99	99.49 2.03%	1,024,743.91 386.25	1.36% (4,588.08)	Aaa / AA+ AAA	0.98 0.96
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	450,000.00	11/21/2017 1.96%	448,833.97 449,460.27	99.97 1.90%	449,858.25 1,031.25	0.60% 397.98	Aaa / AA+ AAA	1.39 1.35
3135G0F73	FNMA Note 1.5% Due 11/30/2020	1,225,000.00	12/16/2015 1.90%	1,201,847.50 1,218,374.04	99.51 1.85%	1,218,991.38 1,582.29	1.62% 617.34	Aaa / AA+ AAA	1.42 1.39

Holdings Report

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	1,070,000.00	02/17/2016 1.46%	1,065,677.20	99.27	1,062,144.06	1.42%	Aaa / AA+ AAA	1.64
				1,068,585.09	1.83%	5,435.45	(6,441.03)		1.60
3135G0J20	FNMA Note 1.375% Due 2/26/2021	1,275,000.00	Various 1.46%	1,269,953.70	99.23	1,265,195.25	1.69%	Aaa / AA+ AAA	1.66
				1,273,276.13	1.85%	6,087.24	(8,080.88)		1.62
3135G0K69	FNMA Note 1.25% Due 5/6/2021	400,000.00	05/27/2016 1.48%	395,724.00	98.97	395,890.40	0.53%	Aaa / AA+ AAA	1.85
				398,397.39	1.82%	763.89	(2,506.99)		1.81
3135G0U35	FNMA Note 2.75% Due 6/22/2021	500,000.00	06/28/2018 2.70%	500,740.00	101.81	509,028.50	0.68%	Aaa / AA+ AAA	1.98
				500,490.62	1.82%	343.75	8,537.88		1.92
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	1,285,000.00	10/04/2016 1.33%	1,273,126.60	98.75	1,268,986.33	1.70%	Aaa / AA+ AAA	2.04
				1,279,928.93	1.75%	6,706.09	(10,942.60)		1.99
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	1,250,000.00	08/30/2016 1.33%	1,237,737.50	98.58	1,232,230.00	1.64%	Aaa / AA+ AAA	2.12
				1,244,754.34	1.81%	5,429.69	(12,524.34)		2.07
3135G0N82	FNMA Note 1.25% Due 8/17/2021	1,285,000.00	Various 1.29%	1,282,305.71	98.86	1,270,412.68	1.70%	Aaa / AA+ AAA	2.13
				1,283,822.64	1.80%	5,978.82	(13,409.96)		2.08
3130AF5B9	FHLB Note 3% Due 10/12/2021	1,350,000.00	11/29/2018 2.91%	1,353,402.00	102.66	1,385,958.60	1.85%	Aaa / AA+ NR	2.29
				1,352,709.90	1.80%	8,887.50	33,248.70		2.19
3135G0S38	FNMA Note 2% Due 1/5/2022	1,350,000.00	04/25/2017 1.92%	1,354,927.50	100.52	1,357,082.10	1.82%	Aaa / AA+ AAA	2.52
				1,352,641.99	1.79%	13,200.00	4,440.11		2.42
3135G0T45	FNMA Note 1.875% Due 4/5/2022	1,315,000.00	06/19/2017 1.88%	1,314,801.44	100.18	1,317,356.48	1.76%	Aaa / AA+ AAA	2.77
				1,314,885.52	1.81%	5,890.10	2,470.96		2.67
3130A3KM5	FHLB Note 2.5% Due 12/9/2022	775,000.00	08/28/2018 2.83%	764,808.75	102.42	793,786.00	1.06%	Aaa / AA+ NR	3.45
				766,803.97	1.77%	1,184.03	26,982.03		3.29
3135G0T94	FNMA Note 2.375% Due 1/19/2023	1,000,000.00	03/14/2018 2.73%	984,140.00	101.97	1,019,655.00	1.37%	Aaa / AA+ AAA	3.56
				988,369.33	1.80%	10,687.50	31,285.67		3.36
3137EAEN5	FHLMC Note 2.75% Due 6/19/2023	1,200,000.00	07/20/2018 2.86%	1,193,976.00	103.54	1,242,474.00	1.65%	Aaa / AA+ AAA	3.97
				1,195,129.03	1.82%	1,100.00	47,344.97		3.75
313383YJ4	FHLB Note 3.375% Due 9/8/2023	1,200,000.00	10/29/2018 3.08%	1,215,756.00	106.35	1,276,224.00	1.71%	Aaa / AA+ NR	4.19
				1,213,596.55	1.79%	12,712.50	62,627.45		3.88
3135G0U43	FNMA Note 2.875% Due 9/12/2023	1,500,000.00	06/21/2019 1.89%	1,559,805.00	104.15	1,562,239.50	2.09%	Aaa / AA+ AAA	4.21
				1,559,533.34	1.84%	13,057.29	2,706.16		3.92
3130A0F70	FHLB Note 3.375% Due 12/8/2023	1,075,000.00	Various 2.74%	1,106,057.50	106.39	1,143,661.33	1.52%	Aaa / AA+ AAA	4.44
				1,103,134.79	1.87%	2,317.97	40,526.54		4.12

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AGENCY									
3130AB3H7	FHLB Note 2.375% Due 3/8/2024	1,500,000.00	04/29/2019 2.37%	1,500,105.00 1,500,101.33	102.18 1.89%	1,532,661.00 11,182.29	2.05% 32,559.67	Aaa / AA+ NR	4.69 4.39
3130A1XJ2	FHLB Note 2.875% Due 6/14/2024	1,500,000.00	06/18/2019 1.96%	1,564,890.20 1,564,462.83	104.71 1.87%	1,570,699.51 2,036.46	2.09% 6,236.68	Aaa / AA+ NR	4.96 4.61
Total Agency		25,785,000.00	2.01%	25,864,785.99 25,907,246.73	1.85%	26,139,554.78 126,087.16	34.90% 232,308.05	Aaa / AA+ AAA	2.76 2.62
COMMERCIAL PAPER									
62479MXN8	MUFG Bank Ltd/NY Discount CP 2.27% Due 10/22/2019	1,500,000.00	06/26/2019 2.32%	1,488,933.75 1,488,933.75	99.26 2.32%	1,488,933.75 378.33	1.98% 0.00	P-1 / A-1 NR	0.31 0.31
Total Commercial Paper		1,500,000.00	2.32%	1,488,933.75 1,488,933.75	2.32%	1,488,933.75 378.33	1.98% 0.00	P-1 / A-1 NR	0.31 0.31
FOREIGN CORPORATE									
89114QCB2	Toronto Dominion Bank Note 3.25% Due 3/11/2024	950,000.00	Various 2.94%	963,259.00 962,662.32	103.52 2.45%	983,452.35 9,434.03	1.32% 20,790.03	Aa3 / A AA-	4.70 4.31
Total Foreign Corporate		950,000.00	2.94%	963,259.00 962,662.32	2.45%	983,452.35 9,434.03	1.32% 20,790.03	Aa3 / A AA-	4.70 4.31
MONEY MARKET FUND FI									
316175884	Fidelity Institutional Money Market Fund 696	67,879.56	Various 1.99%	67,879.56 67,879.56	1.00 1.99%	67,879.56 0.00	0.09% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		67,879.56	1.99%	67,879.56 67,879.56	1.99%	67,879.56 0.00	0.09% 0.00	Aaa / AAA NR	0.00 0.00
SUPRANATIONAL									
4581X0CX4	Inter-American Dev Bank Note 1.625% Due 5/12/2020	1,065,000.00	04/05/2017 1.70%	1,062,475.95 1,064,291.65	99.62 2.07%	1,060,908.27 2,355.57	1.41% (3,383.38)	Aaa / AAA AAA	0.87 0.85
45950KCM0	International Finance Corp Note 2.25% Due 1/25/2021	410,000.00	01/18/2018 2.35%	408,794.60 409,368.70	100.53 1.91%	412,168.90 3,997.50	0.55% 2,800.20	Aaa / AAA NR	1.58 1.52

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SUPRANATIONAL									
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 1/18/2022	1,275,000.00	01/10/2017 2.15%	1,273,431.75 1,274,199.56	100.80 1.80%	1,285,166.85 12,267.45	1.72% 10,967.29	Aaa / NR AAA	2.56 2.45
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	800,000.00	Various 2.40%	777,732.00 784,374.28	99.85 1.80%	798,817.60 4,161.12	1.07% 14,443.32	NR / NR AAA	3.21 3.09
Total Supranational		3,550,000.00	2.09%	3,522,434.30 3,532,234.19	1.89%	3,557,061.62 22,781.64	4.76% 24,827.43	Aaa / AAA AAA	2.09 2.01
US CORPORATE									
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	735,000.00	01/26/2015 2.17%	734,204.40 734,907.04	99.91 2.31%	734,309.84 6,628.27	0.98% (597.20)	A2 / A- A+	0.59 0.57
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	465,000.00	02/05/2015 1.77%	464,511.75 464,938.70	99.61 2.38%	463,180.92 3,074.17	0.62% (1,757.78)	Aa3 / A+ NR	0.63 0.61
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	750,000.00	06/11/2015 2.49%	741,693.75 748,504.88	99.97 2.29%	749,755.50 1,921.88	1.00% 1,250.62	A2 / A- NR	0.89 0.87
437076BQ4	Home Depot Note 1.8% Due 6/5/2020	330,000.00	05/24/2017 1.82%	329,808.60 329,940.62	99.65 2.18%	328,854.24 429.00	0.44% (1,086.38)	A2 / A A	0.93 0.92
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	325,000.00	10/29/2015 2.02%	324,740.00 324,930.13	99.96 2.03%	324,870.65 1,047.22	0.43% (59.48)	Aaa / AAA AA+	1.35 1.31
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	800,000.00	02/06/2017 2.16%	803,768.00 801,301.26	100.04 2.26%	800,342.40 2,964.44	1.07% (958.86)	A3 / A A	1.35 1.23
78012KKU0	Royal Bank of Canada Note 2.5% Due 1/19/2021	700,000.00	01/24/2018 2.64%	697,130.00 698,503.07	100.42 2.22%	702,972.90 7,875.00	0.94% 4,469.83	Aa2 / AA- AA	1.56 1.50
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	875,000.00	Various 1.97%	884,992.10 878,483.22	100.28 2.05%	877,424.63 6,480.83	1.17% (1,058.59)	Aaa / AA+ NR	1.67 1.62
24422ESL4	John Deere Capital Corp Note 2.8% Due 3/4/2021	315,000.00	05/24/2017 2.12%	322,663.95 318,413.64	100.89 2.26%	317,796.26 2,866.50	0.43% (617.38)	A2 / A A	1.68 1.62
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	410,000.00	05/08/2018 3.24%	407,150.50 408,232.06	101.62 2.11%	416,638.72 1,708.33	0.56% 8,406.66	A2 / A+ NR	1.87 1.80
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	940,000.00	Various 2.32%	932,971.20 933,659.24	99.74 2.09%	937,550.36 2,138.50	1.25% 3,891.12	A1 / A AA-	1.89 1.84

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US CORPORATE									
594918BP8	Microsoft Callable Note Cont 7/8/21 1.55% Due 8/8/2021	590,000.00	Various 1.57%	589,298.90 589,704.74	99.15 1.96%	584,976.74 3,632.60	0.78% (4,728.00)	Aaa / AAA AA+	2.11 2.05
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	804,000.00	11/29/2016 2.40%	785,998.44 795,689.21	99.49 2.14%	799,930.15 4,497.93	1.07% 4,240.94	A1 / AA- A	2.21 2.14
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	750,000.00	Various 3.16%	736,272.75 740,024.79	101.05 2.17%	757,847.25 9,208.33	1.02% 17,822.46	Aa3 / AA- A+	2.54 2.41
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	390,000.00	01/19/2017 2.66%	389,329.20 389,655.42	101.07 2.18%	394,169.10 4,464.69	0.53% 4,513.68	A1 / A+ AA-	2.57 2.37
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.45% Due 7/28/2022	890,000.00	07/25/2017 2.45%	889,919.90 889,950.74	101.03 2.09%	899,191.92 9,267.13	1.21% 9,241.18	A2 / A A+	3.08 2.85
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	950,000.00	Various 2.65%	932,933.50 937,025.74	99.75 2.28%	947,649.70 6,560.28	1.27% 10,623.96	A1 / A A	3.19 3.04
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	925,000.00	Various 3.11%	919,202.75 920,876.10	101.45 2.38%	938,424.53 12,676.41	1.26% 17,548.43	A2 / A- AA-	3.55 2.95
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.65% Due 1/25/2023	750,000.00	05/20/2019 2.73%	748,027.50 748,086.21	101.24 2.28%	759,329.25 8,612.50	1.02% 11,243.04	A2 / A A	3.58 3.28
24422ETG4	John Deere Capital Corp Note 2.8% Due 3/6/2023	650,000.00	Various 3.23%	637,699.50 640,453.99	102.15 2.19%	663,991.90 5,813.89	0.89% 23,537.91	A2 / A A	3.68 3.46
06406RAG2	Bank of NY Mellon Corp Note 3.5% Due 4/28/2023	800,000.00	05/16/2019 2.78%	821,248.00 820,627.84	104.29 2.32%	834,324.00 4,900.00	1.12% 13,696.16	A1 / A AA-	3.83 3.56
037833AK6	Apple Inc Note 2.4% Due 5/3/2023	900,000.00	Various 3.18%	871,569.25 874,986.89	100.99 2.13%	908,911.80 3,480.00	1.21% 33,924.91	Aa1 / AA+ NR	3.84 3.64
097023BQ7	Boeing Co Callable Note Cont 4/15/2023 1.875% Due 6/15/2023	500,000.00	02/13/2019 2.98%	477,785.00 479,695.97	98.16 2.36%	490,807.50 416.67	0.65% 11,111.53	A2 / A A	3.96 3.78
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	904,000.00	04/26/2019 2.68%	928,769.60 927,736.84	105.10 2.03%	950,129.31 426.89	1.26% 22,392.47	Aa2 / AA AA	3.99 3.66
02665WCJ8	American Honda Finance Note 3.45% Due 7/14/2023	225,000.00	07/11/2018 3.49%	224,610.75 224,685.44	104.30 2.33%	234,667.13 3,600.94	0.32% 9,981.69	A2 / A NR	4.04 3.71
69371RP59	Paccar Financial Corp Note 3.4% Due 8/9/2023	760,000.00	Various 3.28%	763,588.40 763,525.40	103.47 2.51%	786,363.64 10,192.44	1.06% 22,838.24	A1 / A+ NR	4.11 3.78

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US CORPORATE									
06406RAJ6	Bank of NY Mellon Corp Note 3.45% Due 8/11/2023	250,000.00	05/16/2019 2.79%	256,575.00 256,396.15	104.28 2.35%	260,695.75 3,354.17	0.35% 4,299.60	A1 / A AA-	4.12 3.78
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	750,000.00	Various 3.38%	757,259.00 757,127.00	105.24 2.33%	789,310.50 6,117.19	1.06% 32,183.50	A2 / A NR	4.28 3.93
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	900,000.00	Various 3.36%	905,512.00 905,212.67	103.67 2.50%	933,011.10 10,295.00	1.25% 27,798.43	A2 / A- A+	4.68 3.41
Total US Corporate		19,333,000.00	2.67%	19,279,233.69 19,303,275.00	2.23%	19,587,427.69 144,651.20	26.22% 284,152.69	A1 / A+ A+	2.78 2.55
US TREASURY									
912828F39	US Treasury Note 1.75% Due 9/30/2019	800,000.00	06/26/2019 2.10%	799,250.00 799,281.58	99.89 2.16%	799,156.00 3,519.13	1.07% (125.58)	Aaa / AA+ AAA	0.25 0.25
912828L32	US Treasury Note 1.375% Due 8/31/2020	1,250,000.00	09/29/2015 1.37%	1,250,394.81 1,250,093.81	99.38 1.91%	1,242,285.00 5,744.74	1.66% (7,808.81)	Aaa / AA+ AAA	1.17 1.15
912828L99	US Treasury Note 1.375% Due 10/31/2020	800,000.00	11/23/2015 1.71%	787,471.43 796,609.02	99.35 1.87%	794,812.80 1,853.26	1.06% (1,796.22)	Aaa / AA+ AAA	1.34 1.31
912828N89	US Treasury Note 1.375% Due 1/31/2021	1,300,000.00	03/09/2016 1.40%	1,298,734.82 1,299,589.37	99.30 1.83%	1,290,859.70 7,456.15	1.73% (8,729.67)	Aaa / AA+ AAA	1.59 1.55
912828B90	US Treasury Note 2% Due 2/28/2021	1,250,000.00	04/26/2016 1.40%	1,285,111.61 1,262,081.41	100.30 1.82%	1,253,760.00 8,355.98	1.68% (8,321.41)	Aaa / AA+ AAA	1.67 1.62
912828Q37	US Treasury Note 1.25% Due 3/31/2021	800,000.00	12/13/2016 1.81%	781,471.43 792,449.14	99.06 1.80%	792,500.00 2,513.66	1.06% 50.86	Aaa / AA+ AAA	1.75 1.72
912828T34	US Treasury Note 1.125% Due 9/30/2021	1,300,000.00	11/09/2016 1.48%	1,278,016.07 1,289,876.31	98.68 1.73%	1,282,836.10 3,676.23	1.71% (7,040.21)	Aaa / AA+ AAA	2.25 2.20
912828F96	US Treasury Note 2% Due 10/31/2021	1,025,000.00	01/27/2017 1.94%	1,027,686.05 1,026,320.58	100.61 1.73%	1,031,206.38 3,453.80	1.37% 4,885.80	Aaa / AA+ AAA	2.34 2.27
912828J43	US Treasury Note 1.75% Due 2/28/2022	1,360,000.00	03/13/2017 2.14%	1,335,407.68 1,346,787.23	100.06 1.73%	1,360,850.00 7,954.89	1.82% 14,062.77	Aaa / AA+ AAA	2.67 2.58
912828XG0	US Treasury Note 2.125% Due 6/30/2022	1,100,000.00	08/15/2017 1.82%	1,115,601.34 1,109,608.25	101.18 1.72%	1,112,976.70 63.52	1.48% 3,368.45	Aaa / AA+ AAA	3.00 2.90
912828L24	US Treasury Note 1.875% Due 8/31/2022	1,000,000.00	09/26/2017 1.87%	1,000,433.04 1,000,278.50	100.45 1.73%	1,004,492.00 6,266.98	1.34% 4,213.50	Aaa / AA+ AAA	3.17 3.05

Holdings Report

As of June 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828L57	US Treasury Note 1.75% Due 9/30/2022	1,240,000.00	10/17/2017 1.99%	1,226,243.75 1,230,968.66	100.07 1.73%	1,240,871.72 5,454.64	1.66% 9,903.06	Aaa / AA+ AAA	3.25 3.13
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,150,000.00	01/25/2018 2.46%	1,132,121.09 1,137,296.04	101.36 1.72%	1,165,677.95 66.41	1.55% 28,381.91	Aaa / AA+ AAA	3.51 3.36
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,500,000.00	05/29/2019 2.05%	1,472,988.28 1,473,523.50	99.50 1.75%	1,492,500.00 4,106.66	1.99% 18,976.50	Aaa / AA+ AAA	4.34 4.15
912828V23	US Treasury Note 2.25% Due 12/31/2023	1,250,000.00	06/21/2019 1.80%	1,274,560.55 1,274,456.42	102.16 1.75%	1,276,952.50 76.43	1.70% 2,496.08	Aaa / AA+ AAA	4.51 4.27
912828B66	US Treasury Note 2.75% Due 2/15/2024	1,500,000.00	04/29/2019 2.31%	1,529,648.44 1,528,599.24	104.42 1.75%	1,566,328.50 15,497.24	2.10% 37,729.26	Aaa / AA+ AAA	4.63 4.30
912828X70	US Treasury Note 2% Due 4/30/2024	1,000,000.00	06/10/2019 1.92%	1,003,515.63 1,003,476.24	101.09 1.76%	1,010,898.00 3,369.57	1.35% 7,421.76	Aaa / AA+ AAA	4.84 4.58
Total US Treasury		19,625,000.00	1.86%	19,598,656.02 19,621,295.30	1.78%	19,718,963.35 79,429.29	26.31% 97,668.05	Aaa / AA+ AAA	2.85 2.73
				74,077,572.42		74,863,406.68	100.00%	Aa1 / AA	2.73
TOTAL PORTFOLIO		74,121,031.52	2.19%	74,180,973.26	1.97%	385,867.93	682,433.42	AAA	2.50
TOTAL MARKET VALUE PLUS ACCRUED						75,249,274.61			

Book Value Report

As of June 30, 2019



MIG	Book Value	12 Months or Less	13 to 24 Months	25 to 60 Months	Total Holdings
ABS	\$3,297,446.41	\$1,880,634.26	\$1,416,812.15	\$0.00	\$3,297,446.41
Agency	\$25,907,246.73	\$3,278,788.70	\$4,908,583.54	\$17,719,874.49	\$25,907,246.73
Commercial Paper	\$1,488,933.75	\$1,488,933.75	\$0.00	\$0.00	\$1,488,933.75
Foreign Corporate	\$962,662.32	\$0.00	\$0.00	\$962,662.32	\$962,662.32
Money Market Fund FI	\$67,879.56	\$67,879.56	\$0.00	\$0.00	\$67,879.56
Supranational	\$3,532,234.19	\$1,064,291.65	\$409,368.70	\$2,058,573.84	\$3,532,234.19
US Corporate	\$19,303,275.00	\$2,278,291.24	\$4,363,522.62	\$12,661,461.14	\$19,303,275.00
US Treasury	\$19,621,295.30	\$799,281.58	\$5,400,822.75	\$13,421,190.97	\$19,621,295.30
TOTAL	\$74,180,973.26	\$10,858,100.74	\$16,499,109.76	\$46,823,762.76	\$74,180,973.26

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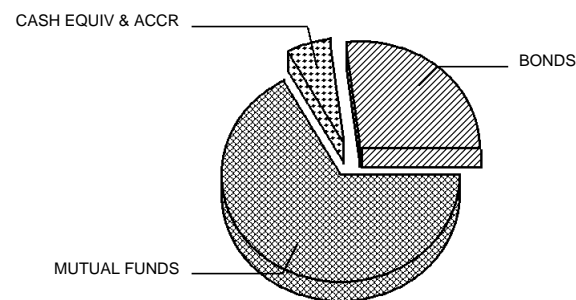
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Period from June 1, 2019 to June 30, 2019

ASSET SUMMARY

ASSETS	06/30/2019 MARKET	06/30/2019 BOOK VALUE	% OF MARKET
Cash And Equivalents	462,522.00	462,522.00	5.42
Corporate Issues	2,314,987.50	2,378,323.25	27.14
Mutual Funds-Equity	5,127,073.59	4,519,149.32	60.11
Mutual Funds-Fixed Income	594,519.16	590,429.40	6.97
Total Assets	8,499,102.25	7,950,423.97	99.64
Accrued Income	30,424.78	30,424.78	0.36
Grand Total	8,529,527.03	7,980,848.75	100.00

Estimated Annual Income **196,500.24**



ASSET SUMMARY MESSAGES

Estimated Annual Income is an estimate provided for informational purposes only and should not be relied on for making investment, trading, or tax decisions. The estimates may not represent the actual value earned by your investments and they provide no guarantee of what your investments may earn in the future.

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ASSET DETAIL

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Cash And Equivalents						
Money Markets						
First Am Govt Ob Fd Cl Z 31846V567 Asset Minor Code 1	1,049,783.190	1,049,783.19 1.0000	1,049,783.19	.00 .00	792.90	2.27
Total Money Markets	1,049,783.190	1,049,783.19	1,049,783.19	.00 .00	792.90	2.27
Cash						
Cash		723.31	723.31			
Pending Cash		- 587,984.50	- 587,984.50			
Total Cash	.000	- 587,261.19	- 587,261.19	.00 .00	.00	0.00
Total Cash And Equivalents	1,049,783.190	462,522.00	462,522.00	.00 .00	792.90	5.16

Corporate Issues

Apple Inc 2.850% 2/23/23 Standard & Poors Rating: AA+ Moody's Rating: Aa1 037833BU3 Asset Minor Code 28	150,000.000	153,598.50 102.3990	158,403.00	- 4,804.50 1,611.00	1,520.00	2.78
Becton Dickinson 2.675% 12/15/19 Standard & Poors Rating: BBB Moody's Rating: Ba1 075887BE8 Asset Minor Code 28	100,000.000	100,032.00 100.0320	99,718.00	314.00 79.00	118.89	2.67

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Cisco Systems Inc 2.900% 3/04/21 Standard & Poors Rating: AA- Moody's Rating: A1 17275RAP7 Asset Minor Code 28	200,000.000	202,454.00 101.2270	207,884.00	- 5,430.00 960.00	1,885.00	2.86
Gen Elec Cap Crp Mtn 6.000% 8/07/19 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 36962G4D3 Asset Minor Code 28	175,000.000	175,574.00 100.3280	200,947.25	- 25,373.25 - 332.50	4,200.00	5.98
Gen Elec Cap Crp Mtn 5.500% 1/08/20 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 36962G4J0 Asset Minor Code 28	200,000.000	202,842.00 101.4210	228,930.00	- 26,088.00 - 214.00	5,286.11	5.42
Intercontinental 3.750% 12/01/25 Standard & Poors Rating: A Moody's Rating: A2 45866FAD6 Asset Minor Code 28	100,000.000	106,889.00 106.8890	104,231.00	2,658.00 1,506.00	312.50	3.51
Jp Morgan Chase Co 2.700% 5/18/23 Standard & Poors Rating: A- Moody's Rating: A2 46625HRL6 Asset Minor Code 28	75,000.000	75,768.75 101.0250	74,970.75	798.00 1,000.50	241.88	2.67
Kimberly Clark Corp 2.750% 2/15/26 Standard & Poors Rating: A Moody's Rating: A2 494368BU6 Asset Minor Code 28	100,000.000	101,833.00 101.8330	103,111.00	- 1,278.00 1,918.00	1,038.89	2.70
Medtronic Inc 3.125% 3/15/22 Standard & Poors Rating: A Moody's Rating: A3 585055AX4 Asset Minor Code 28	200,000.000	205,560.00 102.7800	208,046.00	- 2,486.00 2,008.00	1,840.28	3.04

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Mondelez Int 4.000% 2/01/24 Standard & Poors Rating: BBB Moody's Rating: Baa1 609207AB1 Asset Minor Code 28	100,000.000	105,560.00 105.5600	109,303.00	- 3,743.00 288.00	1,666.67	3.79
Nike Inc 2.375% 11/01/26 Standard & Poors Rating: AA- Moody's Rating: A1 654106AF0 Asset Minor Code 28	100,000.000	100,259.00 100.2590	94,613.00	5,646.00 2,157.00	395.83	2.37
Pepsico Inc 2.750% 4/30/25 Standard & Poors Rating: A+ Moody's Rating: A1 713448CT3 Asset Minor Code 28	75,000.000	76,878.75 102.5050	73,932.75	2,946.00 976.50	349.48	2.68
Stryker Corp 3.375% 11/01/25 Standard & Poors Rating: A Moody's Rating: Baa1 863667AH4 Asset Minor Code 28	100,000.000	105,085.00 105.0850	100,401.00	4,684.00 1,391.00	562.50	3.21
Suntrust Banks Inc 2.700% 1/27/22 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 867914BM4 Asset Minor Code 28	75,000.000	75,547.50 100.7300	75,130.50	417.00 333.75	866.25	2.68
Verizon 5.150% 9/15/23 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 92343VBR4 Asset Minor Code 28	200,000.000	223,316.00 111.6580	230,048.00	- 6,732.00 2,446.00	3,032.78	4.61
Visa Inc 2.200% 12/14/20 Standard & Poors Rating: AA- Moody's Rating: Aa3 92826CAB8 Asset Minor Code 28	200,000.000	200,314.00 100.1570	204,764.00	- 4,450.00 676.00	207.78	2.20

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Wells Fargo Mtn 3.300% 9/09/24 Standard & Poors Rating: A- Moody's Rating: A2 94974BGA2 Asset Minor Code 28	100,000.000	103,476.00 103.4760	103,890.00	- 414.00 1,640.00	1,026.67	3.19
Total Corporate Issues	2,250,000.000	2,314,987.50	2,378,323.25	- 63,335.75 18,444.25	24,551.51	3.49

Mutual Funds

Mutual Funds-Equity

Columbia Contrarian Core Fund 19766M709 Asset Minor Code 98	16,420.848	429,405.18 26.1500	361,543.25	67,861.93 26,446.96	.00	1.25
Dfa Large Cap Intl Port. 233203868 Asset Minor Code 98	10,281.054	230,295.61 22.4000	214,914.88	15,380.73 8,749.24	3,088.79	2.96
Dodge & Cox International Stock Fund 256206103 Asset Minor Code 98	4,063.957	169,304.45 41.6600	150,143.29	19,161.16 9,191.39	.00	2.59
Dodge & Cox Stock Fund 256219106 Asset Minor Code 98	3,203.590	599,391.69 187.1000	569,436.18	29,955.51 27,317.61	.00	1.59
Harbor Capital Appreciaton CI R 411512528 Asset Minor Code 98	4,077.644	305,945.63 75.0300	254,812.00	51,133.63 20,288.24	.00	0.28
Hartford Schroders Emerging Markets 41665H797 Asset Minor Code 98	26,742.933	419,329.19 15.6800	344,382.68	74,946.51 25,966.15	.00	1.22
Ishares Russell Mid Cap Etf 464287499 Asset Minor Code 94	7,213.000	402,990.31 55.8700	321,846.76	81,143.55 21,789.38	.00	1.61

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Mfs International Growth R6 552746356 Asset Minor Code 98	4,823.935	168,644.77 34.9600	131,713.13	36,931.64 5,087.32	.00	1.16
Price T Rowe Growth Stk Fd Inc 741479406 Asset Minor Code 98	4,429.981	304,738.39 68.7900	251,177.79	53,560.60 16,730.18	.00	0.31
Undiscovered Mgrs Behavioral Value 904504479 Asset Minor Code 98	6,093.606	379,997.27 62.3600	374,183.40	5,813.87 31,853.37	.00	1.44
Vanguard Growth & Income Adm Shs#593 921913208 Asset Minor Code 98	13,944.825	1,109,031.93 79.5300	981,026.40	128,005.53 60,608.89	.00	1.67
Vanguard Real Estate Etf 922908553 Asset Minor Code 94	2,556.000	223,394.40 87.4000	214,539.34	8,855.06 706.85	1,991.55	4.05
Victory Rs Small Cap Growth Fund 92647Q363 Asset Minor Code 98	4,580.264	384,604.77 83.9700	349,430.22	35,174.55 25,603.83	.00	0.00
Total Mutual Funds-Equity	108,431.637	5,127,073.59	4,519,149.32	607,924.27 280,339.41	5,080.34	1.45
Mutual Funds-Fixed Income						
Vanguard Short Term Invst Grade #539 922031836 Asset Minor Code 99	55,510.659	594,519.16 10.7100	590,429.40	4,089.76 1,507.78	.03	2.92
Total Mutual Funds-Fixed Income	55,510.659	594,519.16	590,429.40	4,089.76 1,507.78	.03	2.92
Total Mutual Funds	163,942.296	5,721,592.75	5,109,578.72	612,014.03 281,847.19	5,080.37	1.60

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Total Assets	3,463,725.486	8,499,102.25	7,950,423.97	548,678.28 300,291.44	30,424.78	2.31
Accrued Income	.000	30,424.78	30,424.78			
Grand Total	3,463,725.486	8,529,527.03	7,980,848.75			

ASSET DETAIL MESSAGES

Time of trade execution and trading party (if not disclosed) will be provided upon request.

Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

For further information, please contact your account manager or relationship manager.

Yield on Market and Accrued Income are estimates provided for informational purposes only and should not be relied on for making investment, trading, or tax decisions. The estimates may not represent the actual value earned by your investments and they provide no guarantee of what your investments may earn in the future.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.31
Average Coupon	1.94%
Average Purchase YTM	1.95%
Average Market YTM	1.84%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.41 yrs
Average Life	2.41 yrs

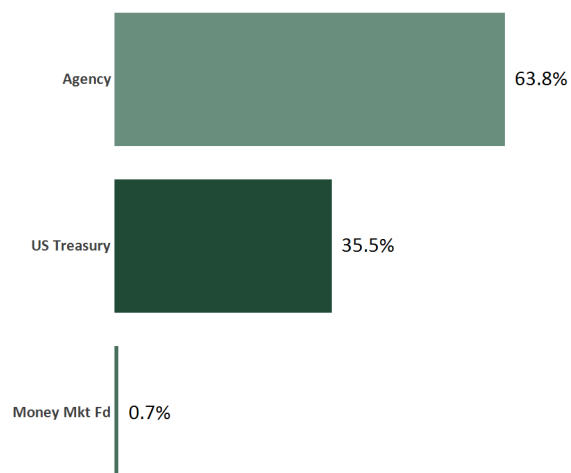
ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	461,455	464,705
Accrued Interest	2,486	1,868
Total Market Value	463,941	466,573
Income Earned	748	740
Cont/WD		0
Par	459,721	461,076
Book Value	459,976	461,335
Cost Value	459,547	460,902

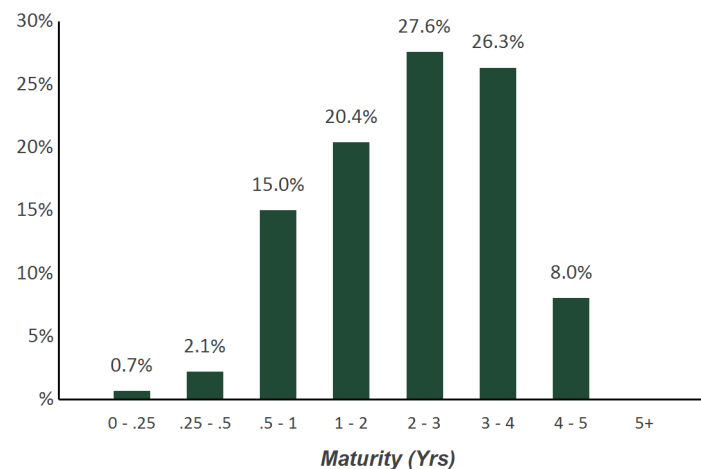
TOP ISSUERS

Government of United States	35.5%
Federal National Mortgage Assoc	31.0%
Federal Home Loan Bank	24.0%
Federal Home Loan Mortgage Corp	8.8%
Invesco Treasury Portfolio MMF	0.7%
Total	100.0%

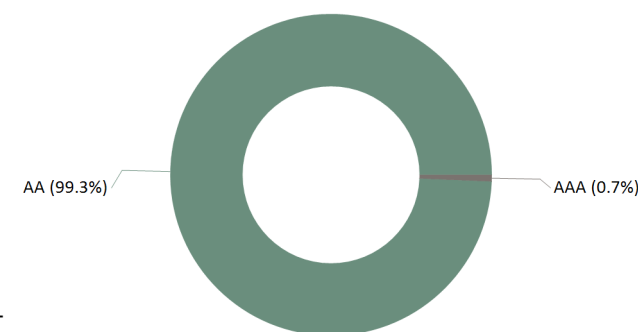
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	11/30/2009
Brea 05 CFD 97-1 Spec Tax Reserve Fund	0.57%	1.71%	2.96%	4.82%	2.11%	1.24%	1.77%	N/A	2.13%
ICE BAML 3-Month US Treasury Bill Index	0.22%	0.64%	1.24%	2.31%	1.84%	1.38%	0.87%	N/A	0.50%



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$459,976.42
<u>Acquisition</u>		
+ Security Purchases	\$0.00	
+ Money Market Fund Purchases	\$1,354.99	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$1,354.99
<u>Dispositions</u>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$0.00	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$0.00
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$3.51	
		\$3.51
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
ENDING BOOK VALUE		\$461,334.92

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$1,720.76
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$1,353.13	
Dividend Received	\$1.86	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$1,354.99	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$0.00	
Accrued Interest Paid	\$0.00	
Total Dispositions	\$0.00	
ENDING BOOK VALUE		\$3,075.75



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	10,000.00	03/25/2015 1.40%	9,933.90 9,996.28	99.76 2.20%	9,975.75 30.90	2.14% (20.53)	Aaa / AA+ AAA	0.26 0.25
313383HU8	FHLB Note 1.75% Due 6/12/2020	40,000.00	06/26/2015 1.87%	39,779.20 39,957.67	99.75 2.02%	39,899.20 36.94	8.56% (58.47)	Aaa / AA+ NR	0.95 0.94
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	35,000.00	03/11/2016 1.64%	34,566.00 34,855.98	99.27 1.83%	34,743.03 177.80	7.48% (112.95)	Aaa / AA+ AAA	1.64 1.60
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	43,000.00	10/27/2016 1.50%	42,738.13 42,879.73	99.00 1.82%	42,572.11 137.96	9.15% (307.62)	Aaa / AA+ AAA	2.27 2.22
3135G0S38	FNMA Note 2% Due 1/5/2022	40,000.00	04/24/2017 1.92%	40,142.40 40,076.31	100.52 1.79%	40,209.84 391.11	8.70% 133.53	Aaa / AA+ AAA	2.52 2.42
3135G0T78	FNMA Note 2% Due 10/5/2022	30,000.00	01/09/2018 2.36%	29,518.50 29,668.05	100.70 1.78%	30,209.94 143.33	6.51% 541.89	Aaa / AA+ AAA	3.27 3.13
3135G0T94	FNMA Note 2.375% Due 1/19/2023	30,000.00	06/13/2018 2.91%	29,319.90 29,474.54	101.97 1.80%	30,589.65 320.63	6.62% 1,115.11	Aaa / AA+ AAA	3.56 3.36
3137EAEN5	FHLMC Note 2.75% Due 6/19/2023	30,000.00	09/14/2018 2.97%	29,707.20 29,755.61	103.54 1.82%	31,061.85 27.50	6.66% 1,306.24	Aaa / AA+ AAA	3.97 3.75
3130A0F70	FHLB Note 3.375% Due 12/8/2023	35,000.00	02/21/2019 2.62%	36,182.30 36,095.15	106.39 1.87%	37,235.49 75.47	8.00% 1,140.34	Aaa / AA+ AAA	4.44 4.12
Total Agency		293,000.00	2.14%	291,887.53 292,759.32	1.86%	296,496.86 1,341.64	63.84% 3,737.54	Aaa / AA+ AAA	2.67 2.55
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	3,075.75	Various 1.92%	3,075.75 3,075.75	1.00 1.92%	3,075.75 0.00	0.66% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		3,075.75	1.92%	3,075.75 3,075.75	1.92%	3,075.75 0.00	0.66% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828UV0	US Treasury Note 1.125% Due 3/31/2020	30,000.00	05/07/2015 1.57%	29,379.01 29,904.89	99.34 2.01%	29,803.14 84.84	6.41% (101.75)	Aaa / AA+ AAA	0.75 0.74
912828WC0	US Treasury Note 1.75% Due 10/31/2020	30,000.00	11/04/2015 1.63%	30,166.51 30,044.60	99.83 1.88%	29,948.43 88.45	6.44% (96.17)	Aaa / AA+ AAA	1.34 1.31



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828WN6	US Treasury Note 2% Due 5/31/2021	30,000.00	07/11/2016 1.01%	31,406.35 30,551.82	100.43 1.77%	30,128.91 50.82	6.47% (422.91)	Aaa / AA+ AAA	1.92 1.87
912828G53	US Treasury Note 1.875% Due 11/30/2021	35,000.00	01/18/2017 1.89%	34,974.14 34,987.14	100.32 1.74%	35,110.74 55.58	7.54% 123.60	Aaa / AA+ AAA	2.42 2.35
912828J43	US Treasury Note 1.75% Due 2/28/2022	10,000.00	04/24/2017 1.84%	9,960.58 9,978.32	100.06 1.73%	10,006.25 58.49	2.16% 27.93	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 8/31/2022	30,000.00	09/18/2017 1.84%	30,051.66 30,033.08	100.45 1.73%	30,134.76 188.01	6.50% 101.68	Aaa / AA+ AAA	3.17 3.05
Total US Treasury		165,000.00	1.61%	165,938.25 165,499.85	1.82%	165,132.23 526.19	35.51% (367.62)	Aaa / AA+ AAA	1.99 1.93
TOTAL PORTFOLIO		461,075.75	1.95%	460,901.53 461,334.92	1.84%	464,704.84 1,867.83	100.00% 3,369.92	Aaa / AA+ AAA	2.41 2.31
TOTAL MARKET VALUE PLUS ACCRUED						466,572.67			



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.03
Average Coupon	1.86%
Average Purchase YTM	1.59%
Average Market YTM	1.83%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.10 yrs
Average Life	2.10 yrs

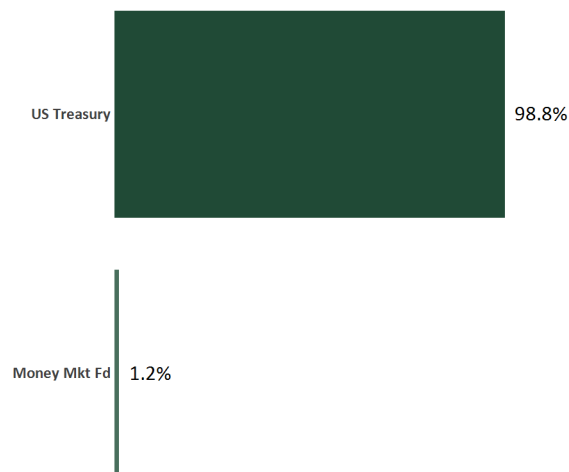
ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	1,949,164	1,959,315
Accrued Interest	7,302	8,281
Total Market Value	1,956,467	1,967,596
Income Earned	2,632	2,552
Cont/WD		0
Par	1,951,097	1,953,088
Book Value	1,955,704	1,957,277
Cost Value	1,973,112	1,975,104

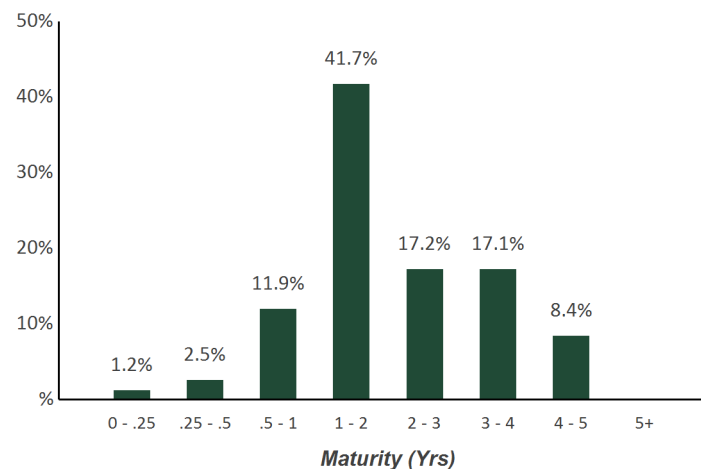
TOP ISSUERS

Government of United States	98.8%
Invesco Treasury Portfolio MMF	1.2%
Total	100.0%

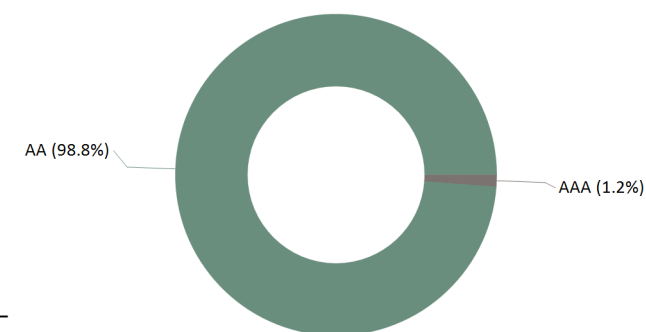
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	6/30/2009
Brea 2009 Water Revenue Bond Reserve Fund	0.57%	1.58%	2.74%	4.38%	1.92%	0.97%	1.62%	2.35%	2.35%
ICE BAML 3-Month US Treasury Bill Index	0.22%	0.64%	1.24%	2.31%	1.84%	1.38%	0.87%	0.49%	0.49%



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$1,955,703.73
<u>Acquisition</u>		
+ Security Purchases	\$0.00	
+ Money Market Fund Purchases	\$1,991.66	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$1,991.66
<u>Dispositions</u>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$0.00	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$0.00
<u>Amortization/Accretion</u>		
+/- Net Accretion	(\$418.20)	
		(\$418.20)
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
ENDING BOOK VALUE		\$1,957,277.19

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$21,096.63
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$1,959.38	
Dividend Received	\$32.28	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$1,991.66	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$0.00	
Accrued Interest Paid	\$0.00	
Total Dispositions	\$0.00	
ENDING BOOK VALUE		\$23,088.29

Brea 2009 Water Revenue Bond Reserve Fund

Account #10073

Holdings Report

As of June 30, 2019

ATTACHMENT A



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	23,088.29	Various 1.92%	23,088.29 23,088.29	1.00 1.92%	23,088.29 0.00	1.17% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		23,088.29	1.92%	23,088.29 23,088.29	1.92%	23,088.29 0.00	1.17% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828G61	US Treasury Note 1.5% Due 11/30/2019	50,000.00	08/24/2016 0.92%	50,933.76 50,119.07	99.74 2.12%	49,871.10 63.52	2.54% (247.97)	Aaa / AA+ AAA	0.42 0.41
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	135,000.00	Various 1.60%	132,834.83 134,696.97	99.48 2.04%	134,293.41 564.03	6.85% (403.56)	Aaa / AA+ AAA	0.67 0.66
912828UV0	US Treasury Note 1.125% Due 3/31/2020	100,000.00	05/07/2015 1.57%	97,930.02 99,682.97	99.34 2.01%	99,343.80 282.79	5.06% (339.17)	Aaa / AA+ AAA	0.75 0.74
912828XM7	US Treasury Note 1.625% Due 7/31/2020	165,000.00	08/24/2016 1.03%	168,796.84 166,047.04	99.67 1.93%	164,452.20 1,118.42	8.41% (1,594.84)	Aaa / AA+ AAA	1.09 1.06
912828WC0	US Treasury Note 1.75% Due 10/31/2020	160,000.00	Various 1.46%	161,991.55 160,604.58	99.83 1.88%	159,724.96 471.74	8.14% (879.62)	Aaa / AA+ AAA	1.34 1.31
912828A83	US Treasury Note 2.375% Due 12/31/2020	165,000.00	08/24/2016 1.08%	174,062.66 168,131.15	100.79 1.84%	166,302.02 10.65	8.45% (1,829.13)	Aaa / AA+ AAA	1.51 1.47
912828B90	US Treasury Note 2% Due 2/28/2021	165,000.00	08/24/2016 1.10%	171,516.76 167,404.24	100.30 1.82%	165,496.32 1,102.99	8.47% (1,907.92)	Aaa / AA+ AAA	1.67 1.62
912828WN6	US Treasury Note 2% Due 5/31/2021	160,000.00	Various 1.04%	167,290.77 162,872.60	100.43 1.77%	160,687.52 271.04	8.18% (2,185.08)	Aaa / AA+ AAA	1.92 1.87
912828F21	US Treasury Note 2.125% Due 9/30/2021	170,000.00	10/27/2016 1.38%	175,983.77 172,735.63	100.84 1.74%	171,434.46 908.06	8.76% (1,301.17)	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.75% Due 2/28/2022	165,000.00	04/24/2017 1.84%	164,349.58 164,642.25	100.06 1.73%	165,103.13 965.12	8.44% 460.88	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 8/31/2022	165,000.00	09/18/2017 1.84%	165,284.15 165,181.94	100.45 1.73%	165,741.18 1,034.05	8.48% 559.24	Aaa / AA+ AAA	3.17 3.05
9128284D9	US Treasury Note 2.5% Due 3/31/2023	165,000.00	06/13/2018 2.84%	162,518.55 163,059.91	102.79 1.73%	169,602.02 1,036.89	8.67% 6,542.11	Aaa / AA+ AAA	3.75 3.55



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828T91	US Treasury Note 1.625% Due 10/31/2023	165,000.00	02/21/2019 2.52%	158,522.46 159,010.55	99.50 1.75%	164,175.00 451.73	8.37% 5,164.45	Aaa / AA+ AAA	4.34 4.15
Total US Treasury		1,930,000.00	1.58%	1,952,015.70 1,934,188.90	1.83%	1,936,227.12 8,281.03	98.83% 2,038.22	Aaa / AA+ AAA	2.13 2.05
TOTAL PORTFOLIO		1,953,088.29	1.59%	1,975,103.99 1,957,277.19	1.83%	1,959,315.41 8,281.03	100.00% 2,038.22	Aaa / AA+ AAA	2.10 2.03
TOTAL MARKET VALUE PLUS ACCRUED						1,967,596.44			

Portfolio Summary

As of June 30, 2019



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.21
Average Coupon	1.89%
Average Purchase YTM	1.67%
Average Market YTM	1.81%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.29 yrs
Average Life	2.29 yrs

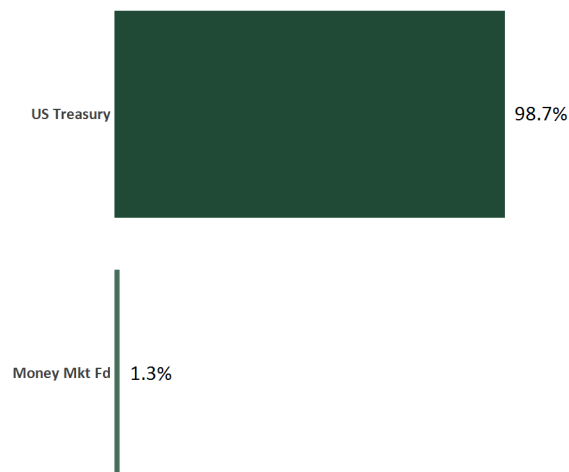
ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	1,376,469	1,385,229
Accrued Interest	5,915	5,441
Total Market Value	1,382,385	1,390,670
Income Earned	1,954	1,894
Cont/WD		0
Par	1,376,671	1,379,283
Book Value	1,378,576	1,380,944
Cost Value	1,389,580	1,392,192

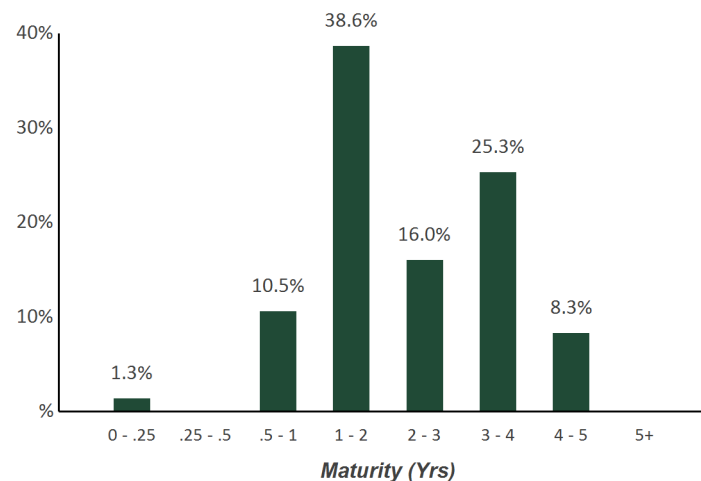
TOP ISSUERS

Government of United States	98.7%
Invesco Treasury Portfolio MMF	1.3%
Total	100.0%

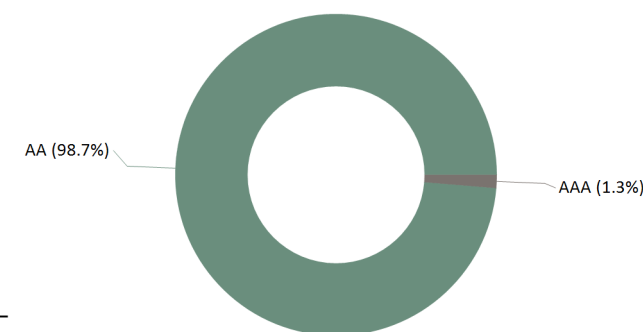
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	5/31/2010
Brea Water Revenue Bonds, Series B, Reserve Account	0.60%	1.68%	2.88%	4.60%	1.98%	1.02%	1.65%	N/A	2.04%
ICE BAML 3-Month US Treasury Bill Index	0.22%	0.64%	1.24%	2.31%	1.84%	1.38%	0.87%	N/A	0.52%

Reconciliation Summary

As of June 30, 2019

ATTACHMENT A



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$1,378,575.50
<u>Acquisition</u>		
+ Security Purchases	\$0.00	
+ Money Market Fund Purchases	\$2,612.24	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$2,612.24
<u>Dispositions</u>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$0.00	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$0.00
<u>Amortization/Accretion</u>		
+/- Net Accretion	(\$244.11)	
		(\$244.11)
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
ENDING BOOK VALUE		\$1,380,943.63

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$15,670.73
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$2,587.51	
Dividend Received	\$24.73	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$2,612.24	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$0.00	
Accrued Interest Paid	\$0.00	
Total Dispositions	\$0.00	
ENDING BOOK VALUE		\$18,282.97

Holdings Report

As of June 30, 2019

ATTACHMENT A



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	18,282.97	Various 1.92%	18,282.97 18,282.97	1.00 1.92%	18,282.97 0.00	1.31% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		18,282.97	1.92%	18,282.97 18,282.97	1.92%	18,282.97 0.00	1.31% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	32,000.00	Various 1.40%	31,753.72 31,968.52	99.48 2.04%	31,832.50 133.69	2.30% (136.02)	Aaa / AA+ AAA	0.67 0.66
912828UV0	US Treasury Note 1.125% Due 3/31/2020	115,000.00	Various 1.47%	113,111.52 114,716.19	99.34 2.01%	114,245.37 325.21	8.24% (470.82)	Aaa / AA+ AAA	0.75 0.74
912828XM7	US Treasury Note 1.625% Due 7/31/2020	115,000.00	08/24/2016 1.03%	117,646.28 115,729.75	99.67 1.93%	114,618.20 779.51	8.30% (1,111.55)	Aaa / AA+ AAA	1.09 1.06
912828WC0	US Treasury Note 1.75% Due 10/31/2020	88,000.00	11/04/2015 1.63%	88,488.42 88,130.82	99.83 1.88%	87,848.73 259.46	6.34% (282.09)	Aaa / AA+ AAA	1.34 1.31
912828A83	US Treasury Note 2.375% Due 12/31/2020	115,000.00	08/24/2016 1.08%	121,316.40 117,182.32	100.79 1.84%	115,907.47 7.42	8.34% (1,274.85)	Aaa / AA+ AAA	1.51 1.47
912828B90	US Treasury Note 2% Due 2/28/2021	115,000.00	08/24/2016 1.10%	119,541.99 116,675.69	100.30 1.82%	115,345.92 768.75	8.35% (1,329.77)	Aaa / AA+ AAA	1.67 1.62
912828WN6	US Treasury Note 2% Due 5/31/2021	101,000.00	Various 1.03%	105,664.79 102,834.31	100.43 1.77%	101,434.00 171.09	7.31% (1,400.31)	Aaa / AA+ AAA	1.92 1.87
912828F21	US Treasury Note 2.125% Due 9/30/2021	110,000.00	10/27/2016 1.38%	113,871.85 111,770.11	100.84 1.74%	110,928.18 587.57	8.02% (841.93)	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.75% Due 2/28/2022	110,000.00	04/24/2017 1.84%	109,566.38 109,761.50	100.06 1.73%	110,068.75 643.41	7.96% 307.25	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 8/31/2022	115,000.00	09/18/2017 1.84%	115,198.04 115,126.80	100.45 1.73%	115,516.58 720.70	8.36% 389.78	Aaa / AA+ AAA	3.17 3.05
912828N30	US Treasury Note 2.125% Due 12/31/2022	115,000.00	01/09/2018 2.31%	113,993.75 114,291.30	101.36 1.72%	116,567.80 6.64	8.38% 2,276.50	Aaa / AA+ AAA	3.51 3.36
9128284D9	US Treasury Note 2.5% Due 3/31/2023	115,000.00	06/13/2018 2.84%	113,270.51 113,647.82	102.79 1.73%	118,207.47 722.68	8.55% 4,559.65	Aaa / AA+ AAA	3.75 3.55

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828T91	US Treasury Note	115,000.00	02/21/2019	110,485.35	99.50	114,425.00	8.25%	Aaa / AA+	4.34
	1.625% Due 10/31/2023		2.52%	110,825.53	1.75%	314.84	3,599.47	AAA	4.15
				1,373,909.00		1,366,945.97	98.69%	Aaa / AA+	2.32
Total US Treasury		1,361,000.00	1.67%	1,362,660.66	1.81%	5,440.97	4,285.31	AAA	2.24
				1,392,191.97		1,385,228.94	100.00%	Aaa / AA+	2.29
TOTAL PORTFOLIO		1,379,282.97	1.67%	1,380,943.63	1.81%	5,440.97	4,285.31	AAA	2.21
TOTAL MARKET VALUE PLUS ACCRUED						1,390,669.91			



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.53
Average Coupon	2.02%
Average Purchase YTM	1.68%
Average Market YTM	1.78%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.63 yrs
Average Life	2.63 yrs

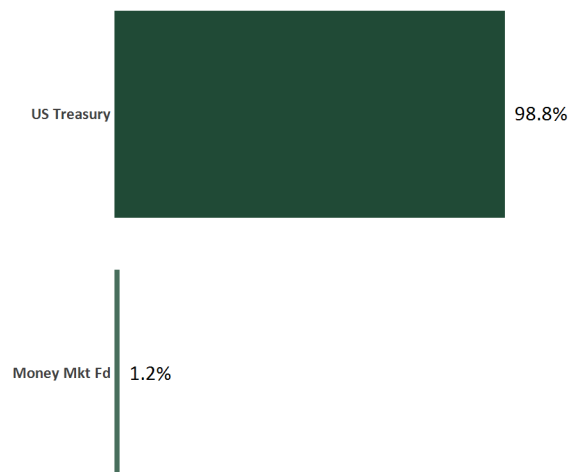
ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	267,685	269,414
Accrued Interest	1,138	1,079
Total Market Value	268,822	270,493
Income Earned	376	367
Cont/WD		0
Par	267,675	267,328
Book Value	268,261	268,597
Cost Value	270,576	271,336

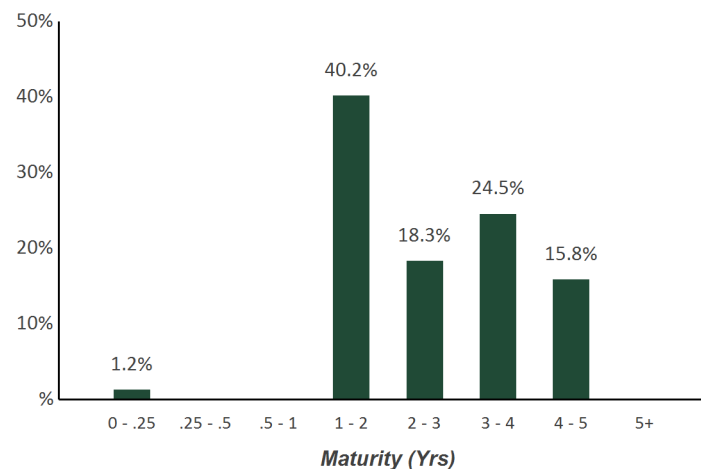
TOP ISSUERS

Government of United States	98.8%
Invesco Treasury Portfolio MMF	1.2%
Total	100.0%

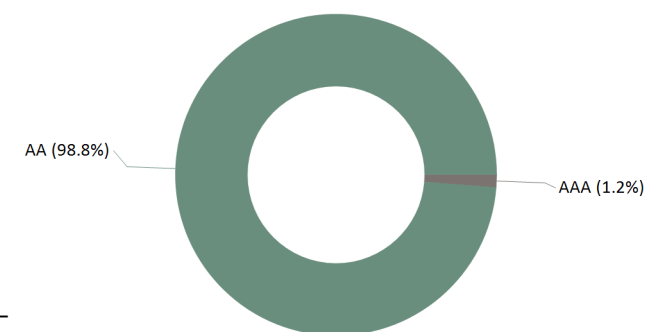
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	5/31/2010
Brea Lease Revenue Bonds, Reserve Account	0.62%	1.70%	2.90%	4.63%	1.99%	1.02%	1.66%	N/A	2.05%
ICE BAML 3-Month US Treasury Bill Index	0.22%	0.64%	1.24%	2.31%	1.84%	1.38%	0.87%	N/A	0.52%



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$268,261.42
<u>Acquisition</u>		
+ Security Purchases	\$22,676.33	
+ Money Market Fund Purchases	\$479.63	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$23,155.96
<u>Dispositions</u>		
- Security Sales	\$21,841.76	
- Money Market Fund Sales	\$826.23	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$22,667.99
<u>Amortization/Accretion</u>		
+/- Net Accretion	(\$61.72)	
		(\$61.72)
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	(\$90.58)	
		(\$90.58)
ENDING BOOK VALUE		\$268,597.09

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$3,674.60
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$21,841.76	
Accrued Interest Received	\$60.65	
Interest Received	\$473.75	
Dividend Received	\$5.88	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$22,382.04	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$22,676.33	
Accrued Interest Paid	\$52.31	
Total Dispositions	\$22,728.64	
ENDING BOOK VALUE		\$3,328.00



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	3,328.00	Various 1.92%	3,328.00 3,328.00	1.00 1.92%	3,328.00 0.00	1.23% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		3,328.00	1.92%	3,328.00 3,328.00	1.92%	3,328.00 0.00	1.23% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828XM7	US Treasury Note 1.625% Due 7/31/2020	22,000.00	08/24/2016 1.03%	22,506.25 22,139.61	99.67 1.93%	21,926.96 149.12	8.16% (212.65)	Aaa / AA+ AAA	1.09 1.06
912828WC0	US Treasury Note 1.75% Due 10/31/2020	22,000.00	Various 1.45%	22,276.59 22,084.05	99.83 1.88%	21,962.19 64.87	8.14% (121.86)	Aaa / AA+ AAA	1.34 1.31
912828A83	US Treasury Note 2.375% Due 12/31/2020	22,000.00	08/24/2016 1.08%	23,208.35 22,417.49	100.79 1.84%	22,173.60 1.42	8.20% (243.89)	Aaa / AA+ AAA	1.51 1.47
912828B90	US Treasury Note 2% Due 2/28/2021	22,000.00	08/24/2016 1.10%	22,868.90 22,320.57	100.30 1.82%	22,066.18 147.07	8.21% (254.39)	Aaa / AA+ AAA	1.67 1.62
912828WN6	US Treasury Note 2% Due 5/31/2021	20,000.00	07/11/2016 1.01%	20,937.57 20,367.88	100.43 1.77%	20,085.94 33.88	7.44% (281.94)	Aaa / AA+ AAA	1.92 1.87
912828F21	US Treasury Note 2.125% Due 9/30/2021	25,000.00	10/27/2016 1.38%	25,879.97 25,402.30	100.84 1.74%	25,210.95 133.54	9.37% (191.35)	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.75% Due 2/28/2022	24,000.00	04/24/2017 1.84%	23,905.39 23,947.96	100.06 1.73%	24,015.00 140.38	8.93% 67.04	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 8/31/2022	23,000.00	09/18/2017 1.84%	23,039.61 23,025.36	100.45 1.73%	23,103.32 144.14	8.59% 77.96	Aaa / AA+ AAA	3.17 3.05
912828N30	US Treasury Note 2.125% Due 12/31/2022	20,000.00	01/09/2018 2.31%	19,825.00 19,876.75	101.36 1.72%	20,272.66 1.15	7.50% 395.91	Aaa / AA+ AAA	3.51 3.36
9128284D9	US Treasury Note 2.5% Due 3/31/2023	22,000.00	06/13/2018 2.84%	21,669.14 21,741.32	102.79 1.73%	22,613.60 138.25	8.41% 872.28	Aaa / AA+ AAA	3.75 3.55
912828T91	US Treasury Note 1.625% Due 10/31/2023	20,000.00	02/21/2019 2.52%	19,214.84 19,274.00	99.50 1.75%	19,900.00 54.76	7.38% 626.00	Aaa / AA+ AAA	4.34 4.15

Holdings Report

As of June 30, 2019

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828WJ5	US Treasury Note 2.5% Due 5/15/2024	22,000.00	06/18/2019	22,676.33	103.43	22,755.39	8.44%	Aaa / AA+	4.88
			1.84%	22,671.80	1.76%	70.24	83.59	AAA	4.57
Total US Treasury		264,000.00	1.67%	268,007.94 265,269.09	1.78%	266,085.79 1,078.82	98.77% 816.70	Aaa / AA+ AAA	2.67 2.56
TOTAL PORTFOLIO		267,328.00	1.68%	271,335.94 268,597.09	1.78%	269,413.79 1,078.82	100.00% 816.70	Aaa / AA+ AAA	2.63 2.53
TOTAL MARKET VALUE PLUS ACCRUED						270,492.61			

Portfolio Summary

As of June 30, 2019



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.87
Average Coupon	2.18%
Average Purchase YTM	2.57%
Average Market YTM	1.76%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	3.01 yrs
Average Life	3.01 yrs

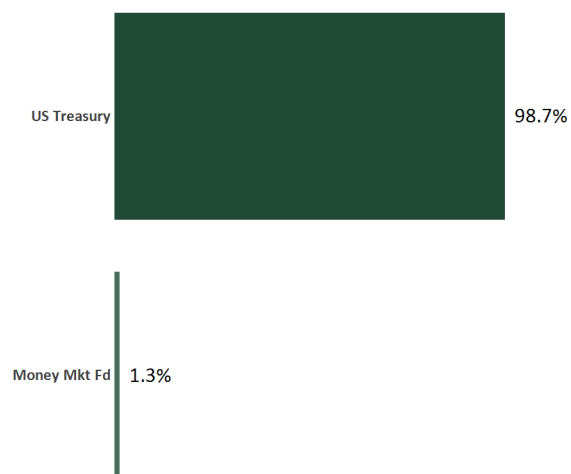
ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	673,254	677,853
Accrued Interest	3,176	2,970
Total Market Value	676,430	680,822
Income Earned	1,518	1,444
Cont/WD		0
Par	671,522	668,649
Book Value	661,179	663,207
Cost Value	656,685	659,960

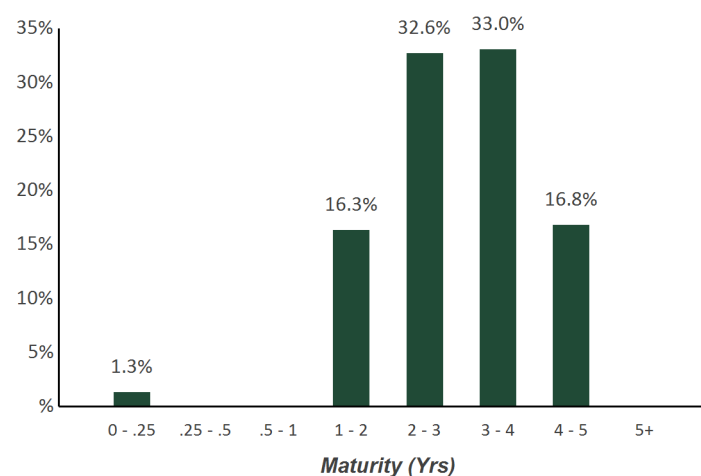
TOP ISSUERS

Government of United States	98.7%
Invesco Treasury Portfolio MMF	1.3%
Total	100.0%

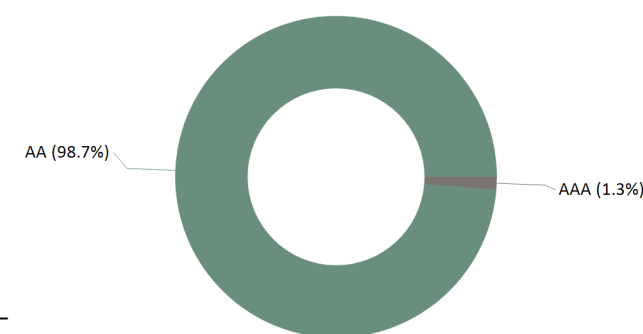
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	6/30/2018
Brea CFD 2008 2 17 Reserve Fund	0.65%	1.75%	2.94%	4.88%	N/A	N/A	N/A	N/A	N/A
ICE BAML 3-5 Yr US Treasury/Agency Index	0.86%	2.42%	4.03%	6.33%	N/A	N/A	N/A	N/A	N/A



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$661,179.37
<u>Acquisition</u>		
+ Security Purchases	\$113,381.64	
+ Money Market Fund Purchases	\$1,328.65	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$114,710.29
<u>Dispositions</u>		
- Security Sales	\$109,170.70	
- Money Market Fund Sales	\$4,202.00	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$113,372.70
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$312.44	
		\$312.44
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$377.13	
		\$377.13
ENDING BOOK VALUE		\$663,206.53

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$11,521.88
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$109,170.70	
Accrued Interest Received	\$270.49	
Interest Received	\$1,306.25	
Dividend Received	\$22.40	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$110,769.84	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$113,381.64	
Accrued Interest Paid	\$261.55	
Total Dispositions	\$113,643.19	
ENDING BOOK VALUE		\$8,648.53

Holdings Report

As of June 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	8,648.53	Various 1.92%	8,648.53 8,648.53	1.00 1.92%	8,648.53 0.00	1.27% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		8,648.53	1.92%	8,648.53 8,648.53	1.92%	8,648.53 0.00	1.27% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828A83	US Treasury Note 2.375% Due 12/31/2020	110,000.00	06/28/2018 2.58%	109,467.19 109,680.66	100.79 1.84%	110,868.01 7.10	16.29% 1,187.35	Aaa / AA+ AAA	1.51 1.47
912828F21	US Treasury Note 2.125% Due 9/30/2021	110,000.00	06/28/2018 2.64%	108,242.58 108,785.03	100.84 1.74%	110,928.18 587.57	16.38% 2,143.15	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.75% Due 2/28/2022	110,000.00	06/13/2018 2.79%	105,986.72 107,118.14	100.06 1.73%	110,068.75 643.41	16.26% 2,950.61	Aaa / AA+ AAA	2.67 2.58
912828L24	US Treasury Note 1.875% Due 8/31/2022	110,000.00	06/13/2018 2.82%	105,887.89 106,908.57	100.45 1.73%	110,494.12 689.37	16.33% 3,585.55	Aaa / AA+ AAA	3.17 3.05
9128284D9	US Treasury Note 2.5% Due 3/31/2023	110,000.00	06/13/2018 2.84%	108,345.70 108,706.60	102.79 1.73%	113,068.01 691.26	16.71% 4,361.41	Aaa / AA+ AAA	3.75 3.55
912828WJ5	US Treasury Note 2.5% Due 5/15/2024	110,000.00	06/18/2019 1.84%	113,381.64 113,359.00	103.43 1.76%	113,776.96 351.22	16.76% 417.96	Aaa / AA+ AAA	4.88 4.57
Total US Treasury		660,000.00	2.58%	651,311.72 654,558.00	1.75%	669,204.03 2,969.93	98.73% 14,646.03	Aaa / AA+ AAA	3.05 2.91
TOTAL PORTFOLIO		668,648.53	2.57%	659,960.25 663,206.53	1.76%	677,852.56 2,969.93	100.00% 14,646.03	Aaa / AA+ AAA	3.01 2.87
TOTAL MARKET VALUE PLUS ACCRUED						680,822.49			

City of Brea

INVESTMENT ADVISORY COMMITTEE COMMUNICATION

TO: Honorable Chair and Committee Members

FROM: Bill Gallardo, City Manager

DATE: 07/22/2019

SUBJECT: Monthly Report of Investments for the Successor Agency to the Brea
Redevelopment Agency for Period Ending June 30, 2019

RECOMMENDATION

Receive and file.

BACKGROUND/DISCUSSION

The Monthly Report of Investments is in accordance with Government Code Section 53607 and contains information on the investment activities for the month of June 2019. Funds received by the Successor Agency are typically spent within three to six months; therefore are not invested long-term. The Successor Agency's Local Agency Investment Fund (LAIF) is used for short-term investments and functions like a savings account until funds are required to meet expenditures needs. Attachment A includes a Portfolio Summary and Holdings Report prepared by Chandler Asset Management for the funds invested on behalf of the Successor Agency. As of June 30, 2019, the market value, including accrued interest on the Successor Agency's Local Agency Investment Fund (LAIF), was \$287,035.41 in comparison to \$1,883,393.69 at May 31, 2019. The Successor Agency to the Brea Redevelopment Agency has sufficient cash flow to meet its expected expenditures for the next six months.

The Successor Agency also has restricted (fiscal agent) cash and investment accounts related to its various bond reserve accounts which are managed by Chandler Asset Management. Attachment A includes a portfolio report from Chandler Asset Management for each bond reserve account that is invested. As of May 31, 2019, the market value of these funds, including short-term cash and accrued interest was \$12,782,569.98 as compared to \$12,760,769.91 as of May 31, 2019.

FISCAL IMPACT/SUMMARY

During the month of June, the total value of the Successor Agency to the Brea Redevelopment Agency's investment portfolio decreased by \$1,596,358.28 due to the annual Brea Mall property tax rebate payment. The total value of the restricted cash and investments increased by \$21,800.07 primarily due to market rate adjustments during the month.

RESPECTFULLY SUBMITTED

Respectfully submitted:

Prepared by: Alicia Brenner, Senior Fiscal Analyst

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Attachment A

Successor Agency to the Brea Redevelopment Agency
Cash and Investment Information
June 30, 2019

			Cost Value	Market Value*
Demand and Interest-Bearing Checking Accounts				
	Citizen's Bank	\$	206,595.11	\$ 206,595.11
Local Agency Investment Fund				
	LAIF	\$	275,725.69	\$ 287,035.41
<u>Fiscal Agent Cash & Investments</u>				
2004	Brea Public Financing Authority Lease Revenue Bond	Chandler/BNY	\$ 345,889.36	\$ 345,889.36
2010	Brea Public Financing Authority Lease Revenue Bond	Chandler/BNY	\$ 1,014,538.84	\$ 1,014,538.84
2013	Tax Allocation Bonds	Chandler/BNY	\$ 9,150,441.87	\$ 9,150,441.87
2016	Tax Allocation Refunding Bonds, Series A & B	Chandler/BNY	\$ 1,212,611.93	\$ 1,212,611.93
2017	Tax Allocation Refunding Bonds, Series A & B	Chandler/BNY	\$ 1,059,087.98	\$ 1,059,087.98
Sub-total - Fiscal Agent Cash & Investments			\$ 12,782,569.98	\$ 12,782,569.98
Grand Total			\$ 13,264,890.78	\$ 13,276,200.50

* Includes accrued interest on invested funds

Successor Agency to the Brea Redevelopment Agency

Cash and Investment Information

June 30, 2019

Fiscal Agent Cash & Investments Detail	Cost Value	Market Value
2004 Brea Public Financing Authority Lease Revenue Bond - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 345,889.36	\$ 345,889.36
Sub-total	\$ 345,889.36	\$ 345,889.36
2010 Brea Public Financing Authority Lease Revenue Bond - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 1,014,538.84	\$ 1,014,538.84
Sub-total	\$ 1,014,538.84	\$ 1,014,538.84
2013 Tax Allocation Bonds - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 9,150,441.87	\$ 9,150,441.87
Sub-total	\$ 9,150,441.87	\$ 9,150,441.87
2016 Tax Allocation Refunding Bonds, Series A & B - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 1,212,611.93	\$ 1,212,611.93
Sub-total	\$ 1,212,611.93	\$ 1,212,611.93
2017 Tax Allocation Refunding Bonds, Series A & B - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 1,059,087.98	\$ 1,059,087.98
Sub-total	\$ 1,059,087.98	\$ 1,059,087.98
Report Grand Total	\$ 12,782,569.98	\$ 12,782,569.98

PORTFOLIO CHARACTERISTICS

Average Modified Duration	0.00
Average Coupon	2.41%
Average Purchase YTM	2.41%
Average Market YTM	2.41%
Average S&P/Moody Rating	NR/NR
Average Final Maturity	0.00 yrs
Average Life	0.00 yrs

ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	1,875,726	275,726
Accrued Interest	7,668	11,310
Total Market Value	1,883,394	287,035
Income Earned	3,903	3,747
Cont/WD		-1,600,000
Par	1,875,726	275,726
Book Value	1,875,726	275,726
Cost Value	1,875,726	275,726

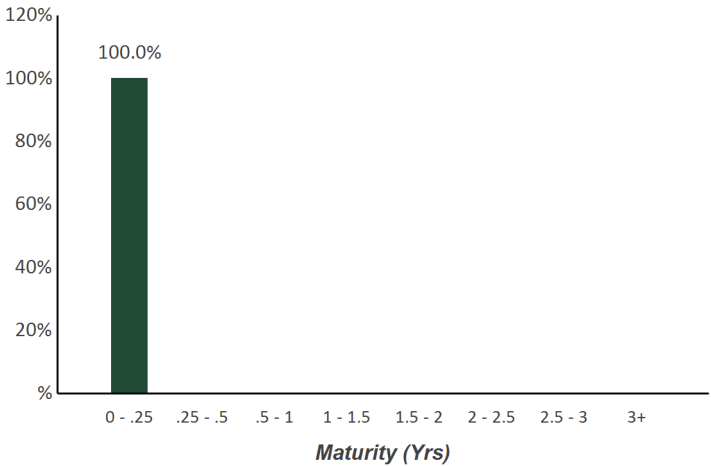
TOP ISSUERS

Local Agency Investment Fund	100.0%
Total	100.0%

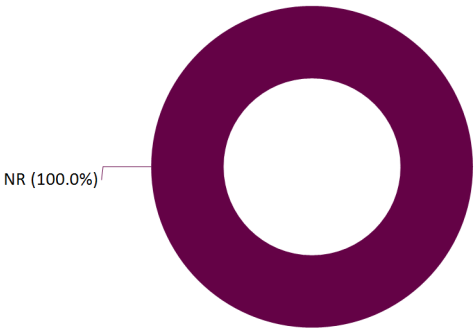
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Holdings Report

As of June 30, 2019

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	275,725.69	Various 2.41%	275,725.69 275,725.69	1.00 2.41%	275,725.69 11,309.72	100.00% 0.00	NR / NR NR	0.00 0.00
Total LAIF		275,725.69	2.41%	275,725.69 275,725.69	2.41%	275,725.69 11,309.72	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		275,725.69	2.41%	275,725.69 275,725.69	2.41%	275,725.69 11,309.72	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUED						287,035.41			

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 07/22/2019

SUBJECT: Review the Investment Policy Guidelines for the City of Brea's Employee Benefit Fund Pension Plan

RECOMMENDATION

Review the Investment Policy Guidelines for the City of Brea's Employee Benefit Fund Pension Plan through Public Agency Retirement Services (PARS).

BACKGROUND/DISCUSSION

On November 17, 2015, the City Council approved participation within the Public Agencies Post-Employment Benefits Trust Program that established the City of Brea's Employee Benefit Fund Pension Plan ("Plan"). The Plan is administered by Public Agencies Retirement Services (PARS) to assist the City in "pre-funding" its pension obligations in an irrevocable Section 115 Trust account. Some of the benefits of participating in the program are summarized below:

- City maintains oversight of investment management and control over the risk tolerance level of the portfolio;
- Assets held in the PARS Section 115 Trust account allows for greater investment flexibility and risk diversification compared to the City's General Fund investments;
- Assets could be accessed to offset unexpected CalPERS rate increases (rate stabilization);
- Potential to improve an agency's bond rating; and
- Flexibility to access assets at any time as long as it is used to pay employer's pension obligations.

The investment strategies for these assets are defined within the City's Investment Policy Guidelines that were developed and evaluated by PARS, HighMark Capital Management (the Plan's Investment Advisory Firm) and the City's Investment Advisory Committee (IAC). The purpose of the Investment Policy Guidelines is to facilitate communication and confirm the City's investment objectives for the Plan. It also helps maintain a long-term perspective when market volatility is caused by short-term market movements. The policy also details the Plan's Trustee, the Investment Manager and the Investment Advisory Committee's roles and responsibilities.

On January 19, 2016, the City Council adopted the City's Investment Policy Guidelines for the Plan and confirmed the IAC's recommendation of selecting the "Balanced" Asset

Allocation Strategy of the five strategies offered by the Plan's Investment Advisory Firm, HighMark Capital Management. This strategy provides growth of principal and income on the long term horizon.

On April 24, 2017, the Investment Advisory Committee, including PARS and HighMark Capital Management, reviewed the Investment Policy Guidelines and recommended expanding the responsibilities of the Investment Manager to include *"Notifying City Treasurer, Administrative Services Director and Investment Advisory Committee when investment portfolios demonstrate low performance, if any, which occurs between each periodic report."*

These changes were incorporated as part of the 2016 and 2017 annual review of the Investment Policy Guidelines. No changes are recommended as part of this annual review. The draft Investment Policy Guidelines is included as Attachment A. At this time, there are no changes recommended for the 2019 annual review.

FISCAL IMPACT/SUMMARY

There is no fiscal impact for approving the Investment Policy Guidelines.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Alicia Brenner, Senior Fiscal Analyst

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Attachment A - Draft Investment Policy



DRAFT

Investment Policy Guidelines

for the

City of Brea

Employee Benefits Fund Pension Plan

July 2019

Investment Policy Guidelines

Scope and Purpose

The purpose of these Investment Policy Guidelines is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan's investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account's investment needs that is consistent with the account's investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

Key Plan Sponsor Account Information as of July 2019

Plan Sponsor:	City of Brea
Governance:	Investment Advisory Committee for the City of Brea
Plan Name ("Plan"):	City of Brea Employee Benefit Fund Pension Plan
Trustee:	US Bank Contact: Sue Hughes, 949-224-7209 Susan.Hughes@usbank.com
Type of Account:	Pension Plan
Investment Manager:	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. ("Investment Manager"), an SEC-registered investment adviser Contact: Keith Stribling, CFA, 949-553-2591 Keith.stribling@highmarkcapital.com

Investment Authority: Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

Investment Objectives and Constraints

The goal of the Plan's investment program is to provide a reasonable level of growth which, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should seek to earn a return in excess of its policy benchmark over the life of the Plan.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic perspective of the capital markets.

Investment Time Horizon: Long-term

Anticipated Cash Flows: Assets in the Plan will seek to mitigate the impact of future rate increases from CalPERS. Typically increases in rates come with a one-year advance warning, however this Plan may transfer assets to CalPERS at any time.

Investment Objective: The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective the Plan Sponsor has selected is the **Balanced Objective**, which has a dual goal to seek growth of income and principal.

Risk Tolerance: *Balanced*
The account's risk tolerance has been rated moderate, which demonstrates that the account can accept price fluctuations to pursue its investment objectives.

Strategic Asset Allocation: The asset allocation ranges for this objective are listed below:

<i>Strategic Asset Allocation Ranges</i>		
Cash	Fixed Income	Equity
0-20%	30%-50%	50%-70%
Policy: 5%	Policy: 35%	Policy: 60%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

Security Guidelines:

Equities

With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	50%-70%
<i>Equity Style</i>	<i>Range</i>
Domestic Large Cap Equity	20%-50%
Domestic Mid Cap Equity	0%-15%
Domestic Small Cap Equity	0%-20%
International Equity (incl. Emerging Markets)	0%-20%
Real Estate Investment Trust (REIT)	0%-10%

Fixed Income

In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	30%-50%
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Eligible Investments

- Debt obligations of the U.S. Government, its agencies, and Government Sponsored Enterprises
- Mortgage-Backed Securities (MBS)
- Asset Backed Securities (ABS)
- Collateralized Mortgage Obligations (CMO)
- Commercial Mortgage-Backed Securities (CMBS)

- Corporate debt securities issued by U.S. or foreign entities including, but not limited to, limited partnerships, equipment trust certificates and enhanced equipment trust certificates

Quality

The portfolio will maintain a minimum weighted average quality of A- at all times. Individual securities shall have a minimum quality rating of Baa3 by Moody's or BBB- by Standard & Poor's (S&P).

Duration

The manager will maintain the portfolio duration within +/- 25% of the benchmark duration at all times.

Diversification

- Any individual issuer position size is to be less than 10% of the portfolio assets at time of purchase, with the exception of securities issued or guaranteed by the U.S. Government, its agencies, and Government Sponsored Enterprises
- High Yield will be managed with funds and/or ETF's at less than 5% of the total portfolio.

Performance Benchmarks:

The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

Total Portfolio Blended Benchmark

32.00%	S&P500 Index
6.00%	Russell Mid Cap Index
9.00%	Russell 2000 Index
4.00%	MSCI Emerging Market Index
7.00%	MSCI EAFE Index
2.00%	Wilshire REIT
27.00%	BC US Aggregate Index
6.75%	ML 1-3 Year US Corp/Gov't
1.25%	US High Yield Master II
5.00%	Citi 1Mth T-Bill

Asset Class/Style Benchmarks

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth Index
Value	S&P 500 Value Index
Mid Cap Equity	Russell Mid Cap Index
Growth	Russell Mid Cap Growth
Value	Russell Mid Cap Value
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth
Value	Russell 2000 Value
REITs	Wilshire REIT
International Equity	MSCI EAFE
Investment Grade Bonds	Barclays US Aggregate

Security Selection

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as advisor or sub-adviser.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions*
- Commodities Transactions Puts, calls, straddles, or other option strategies*
- Purchases of real estate, with the exception of REITs
- Individual high yield or below investment grade rated bonds (high yield will be managed with funds and/or ETF's)
- Derivatives, with exception of ETFs*

**Permissible in diversified mutual funds and exchange-traded funds*

Duties and Responsibilities

Responsibilities of Plan Sponsor

The Investment Advisory Committee of the City of Brea is responsible for:

- Confirming in writing the accuracy of this Investment Policy Guidelines.
- Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.

The City Treasurer and Administrative Services Director is responsible for:

- Monitoring and supervising all service vendors and investment options, including investment managers.
- Avoiding prohibited transactions and conflicts of interest.
- Providing quarterly investment reports to the City Council.

Responsibilities of Trustee

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

Responsibilities of Investment Manager

The Investment Manager is responsible for:

- Assisting the Investment Advisory Committee with the development and maintenance of this Investment Policy Guidelines annually.
- Meeting with Investment Advisory Committee semi-annually to review portfolio structure, holdings, and performance.
- Meeting with City Council annually to review portfolio structure, holdings, and performance.
- Providing quarterly investment reports to the Investment Advisory Committee.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Notify Investment Advisory Committee when investment portfolios demonstrate low performance, if any, which occurs between each periodic report.
- Voting proxies, if applicable.
- Recommending changes to any of the above.
- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

Acknowledgement and Acceptance

I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Policy Guidelines, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Policy Guidelines supersedes all previous versions of an Investment Policy Guidelines or investment objective instructions that may have been executed for this account.

Plan Sponsor: City of Brea

Date:_____

Investment Manager: Keith Stribling, CFA, Senior Portfolio Manager, (949) 553-2591

Date:_____

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 07/22/2019

SUBJECT: City of Brea/Successor Agency to the Brea Redevelopment Agency Statement of Investment Policy

RECOMMENDATION

Approve the City of Brea/Successor Agency to the Brea Redevelopment Agency Statement of Investment Policy.

BACKGROUND/DISCUSSION

State law allows the City Council to annually adopt the Statement of Investment Policy. Thus, per the City's fiscal policies, "The City Council will review and adopt annually an investment policy as recommended by the Investment Advisory Committee." The Investment Policy serves as a guideline for the investment of City and Successor Agency funds. The Brea Investment Advisory Committee annually reviews the Statement of Investment Policy for the City of Brea and the Successor Agency to the Brea Redevelopment Agency.

The below changes and additions have been recommended by either City staff or Chandler Asset Management for review and approval by the Investment Advisory Committee.

To avoid duplicate statements and confusion, staff recommends combining the Reporting and Monthly Reporting sections of the Investment Policy. All references to reporting requirements are now detailed under "Reporting." Also, it is noted that City's practice is that the Administrative Services Director submit the Monthly Report of Investments to the City Council. Therefore, the Investment Policy is be updated to reflect that practice.

Chandler Asset Management, the City's Portfolio Manager, recommends the City update its language on Asset Backed Securities as outlined in AB 1170. This update to the California Government Code clears up ambiguities specific to Asset Backed Securities and expands the eligible securities in the sector. Under the City's current policy, the Provisions of Government Code Section 53601, Asset Backed Securities, the bullet point stating:

"Underlying issuer rating must meet the requirements of code (i.e. A3 or A- minimum)."

is recommended to be removed.

AB 1170 eliminated the requirement that the securities issuer be rated "A" or its equivalent or better for the issuer's debts as provided by a Nationally Recognized Statistical Rating

Organization (NRSRO). The Asset Backed Securities held in the City portfolio must still be rated at least "AA" to be eligible. The Chandler team will continue to evaluate and review all the securities held in the City's portfolio for underlying credit quality, relative value, and suitability. They anticipate the underlying credit quality of the Asset Backed securities will remain similar to the current credit quality, with a broader universe of securities eligible for purchase.

In addition, Chandler recommends adding language under Qualified Brokers/Dealers. The added language is as follows:

"Selection of broker/dealers used by an external investment adviser retained by the City will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price."

The added language describes the ability of the City's external investment adviser's discretion to transact with brokers/dealers.

Lastly, the Chandler Asset Manager recommends that the Glossary be updated to reflect their Model Policy. The revised glossary includes added terminology such as: Asset Backed Securities, Average Life, Callable, Certificate of Deposit Account Registry System (CDARS), Collateralized Bank Deposit, Collateralized Mortgage Obligations (CMO), Collateralized Time Deposit, Federally Insured Time Deposit, Local Agency Investment Fund (LAIF), Make Whole Call, Margin, Market Risk, Medium Term Notes, Modified Duration, Money Market Mutual Fund, Mortgage Pass-Through Securities, Municipal Securities, Mutual Fund, Nationally Recognized Statistical Rating Organization (NRSRO), Negotiable Certificate of Deposit (CD), Supranational, Total Rate of Return, U.S. Treasury Obligations, and Treasury Bills.

In addition, the definition of a number of terms have been revised and enhanced. Such terms include: Agencies, Banker's Acceptance Benchmark, Broker, Collateral, Commercial Paper, Coupon, Dealer, Delivery vs. Payment (DVP), Derivative, Discount, Diversification, Duration, Federal Deposit Insurance Corporation (FDIC), Liquidity, Local Government Investment Pool, Primary Dealer, Prudent Person (Prudent Investor), Repurchase Agreement, Safekeeping, Securities and Securities and Exchange Commission (SEC), Securities and Exchange Commission SEC Rule 15c3-1, Structured Note, Treasury Notes, Treasury Bonds, and Yield to Maturity. All terms listed in the City's current policy, which are not recommended to be revised, remain in the glossary.

For ease of reference, the current Investment Policy is attached along with the red-lined version with recommended changes. In addition, a clean version with the recommended changes is also attached.

FISCAL IMPACT/SUMMARY

There is no fiscal impact from the adoption of the Statement of Investment Policy.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Faith Madrazo, Revenue & Budget Manager

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Current Investment Policy - Adopted 8/21/18

Recommended Changes - REDLINED version

Draft Investment Policy - Clean Version

City Of Brea / Successor Agency to the Brea Redevelopment Agency

FINAL

STATEMENT OF INVESTMENT POLICY

August 21, 2018

Purpose

This statement is intended to provide a guideline for the prudent investment of funds and to outline the policies for maximizing the efficiency of the City of Brea and Successor Agency to the Brea Redevelopment Agency ("City") cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled funds. This investment policy has been prepared so as to be in conformance with all pertinent existing laws of the State of California for General Law cities.

Objective

The cash management system of the City is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain a market rate of return without incurring undue risk to principal. The objectives of such investments are: 1) preserve capital, 2) maintain financial flexibility/liquidity, and 3) obtain a competitive rate of return on the City's investments.

Scope

This investment policy applies to the decisions and activities of the City with regard to investing the financial assets of all funds, including the following: General Fund, Special Revenue Funds, Assessment Funds, Enterprise Funds, Internal Service Funds, Capital Projects Funds, Debt Service Funds, Reserve Funds, Trust and Agency Funds, and any other funds that may be created from time to time. This policy does not apply retiree health care savings/trust/plan(s) or deferred compensation plans.

Investment Responsibility

Investments decisions of the City funds are the responsibility of the City Treasurer and Administrative Services Director, and shall comply with the Investment Policy of the City. These responsibilities include the authority to open accounts with banks, brokers and dealers and to establish safekeeping accounts or other arrangements for the custody of securities and to execute such documents as may be necessary.

Those authorized to execute transactions for the City include the: 1) City Treasurer, 2) Administrative Services Director, 3) Revenue and Budget Manager, and 4) those specifically deputized by the City Treasurer and Administrative Services Director with said authorization to be filed with the City Clerk. The City Treasurer and Administrative Services Director shall insure that an authorized person is available at all times to execute the City's investments. Investment managers, brokers and dealers are to be provided with a list of specified names of those persons authorized to execute transactions. The City Council may authorize the delegation of a portion of investments to an outside investment manager.

Reporting

The City Treasurer and Administrative Services Director shall be responsible for reporting the status of investments to the City Council and City Manager on a monthly basis. The Investment Advisory Committee will review the status of investments on a quarterly basis. Reports are to be submitted to the City Council and City Manager by the 3rd City Council meeting following the end of the reporting month.

These reports shall include the type of investment, institution, face amount, market value, book value, interest rate, date of maturity, compliance to the investment policy, and a statement that denotes the ability to meet expenditure requirements for the next six months.

If the City has an outside Investment Manager, the Investment Manager shall periodically report on the activity and results of the funds being managed by the Investment Manager. Additionally, the Investment Manager shall notify the Investment Advisory Committee when investment portfolios demonstrate low performance, if any, which occurs between each periodic report.

Prudence

The standard of prudence to be applied by the City Treasurer, Administrative Services Director, Revenue and Budget Manager, and those specifically deputized by the City Treasurer and Administrative Services Director with said authorization to be filed with the City Clerk shall be the "prudent investor" standard, as defined under Government Code Section 53600.3 which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City/Successor Agency to the Brea Redevelopment Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Ethics and Conflicts of Interest

Officers and employees involved in the City investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. City employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within the City, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Investment Instruments

Funds of the City may be invested in any instrument allowable under current legislation of the State of California (Government Code Section 53600 et sec.) so long as the investment is appropriate and consistent with this Investment Policy taking into consideration the City's investment objectives. Investment instruments may include:

- U.S. Treasury Obligations (Bills, Notes and Bonds)
- U.S. Government Agency Securities and Instrumentality's of Government Sponsored Corporations, including a maximum of 5% in callable bonds issued by such agencies
- Banker's Acceptances
- Commercial Paper
- Repurchase Agreements (requires a master repurchase agreement to be signed and on file with the bank or broker/dealer)

- Certificates of Deposit
- Negotiable Certificates of Deposit
- Passbook Savings Accounts
- Interest Bearing Checking Accounts
- Medium Term Corporate Notes
- Bank Money Market Accounts
- Local Agency Investment Fund (State Pool)
- County of Orange Investment Fund (County Pool)
- Other investments that are, or may become, legal investments through the State of California Government Code.

Provisions of Government Code Section 53601 shall be adhered to at all times. This includes, but is not limited to, the following restrictions:

- Bankers Acceptances cannot exceed 40% of the portfolio nor exceed 180 days;
- Commercial Paper cannot exceed 25% of the portfolio. Commercial Paper must be rated P-1 (Moody's), A-1 (Standard & Poor's) and cannot exceed 270 days;
- Money Market Funds cannot exceed 20% of the portfolio;
- Medium Term Corporate Notes cannot exceed 30% of the portfolio and must carry a minimum A rating;
- Pass-through securities including Collateralized Mortgage Obligations cannot exceed 20% of the portfolio.
 - Collateralized Mortgage Obligations must pass the Federal Financial Institution Examination Council (FFIEC) liquidity test to be an eligible investment for the City
 - Asset Backed Securities are limited to a maximum of 10% of the portfolio at time of purchase
 - Maximum maturity of 5 years
 - Asset Backed Security must be rated AA or higher
 - Underlying issuer rating must meet the requirements of code (i.e. A3 or A- minimum)
- Supranational Securities must be rated AA or higher, cannot exceed 15% of the portfolio and no more than 5% of portfolio per issuer. The maximum maturity cannot exceed 5 years.
- Additionally, the City will use the guidelines established by the joint committee of the California Municipal Treasurers Association and the California Society of Municipal Finance Officers as the basis for investing in government investment pools.

For purposes of complying with legal investment limitations, the percentage references pertaining to the above refers to the maturity value of the portfolio at the time of purchase.

Prohibited Investments

The City shall not invest any funds in derivatives, inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages. The City shall not invest any funds in any security that could result in a zero interest accrual if held to maturity.

Collateralization

Collateralization shall be required on two types of investments: Certificates of deposit and repurchase (and reverse repurchase) agreements. A collateral agreement must be current and on file before any funds can be transferred for collateralized certificates of deposit.

Collateral shall be held by an independent third party with whom the City has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted in accordance with the following requirements:

- A. Certificates of Deposit
 - 1. Government securities used as collateral require one hundred and ten (110) percent of market value to the face amount of the deposit
 - 2. Promissory notes secured by first trust deeds used as collateral require one hundred and fifty (150) percent of market value to the face amount of the deposit
 - 3. Irrevocable letters of Credit issued by the Federal Home Loan Bank of San Francisco require one hundred and five (105) percent of market value to the face amount of the deposit
- B. Repurchase and Reverse Repurchase Agreements
 - 1. Only U.S. Treasury securities or federal agency securities are acceptable collateral. All securities underlying repurchase agreements must be delivered to the City's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed one hundred and two (102) percent of the total dollar value of the money invested by the City for the term of the investment. For any repurchase agreement with a term of more than one (1) day, the value of the underlying securities must be reviewed on an ongoing basis according to market conditions. Market value must be calculated each time there is a substitution of collateral.
 - 2. The City or its trustee shall have perfected first security interest under the Uniform Commercial Code in all securities subject to a repurchase agreement.

Investment Criteria

Criteria for selecting investments and the order of priority are:

- A. Safety

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those investments that are considered very safe.
- B. Liquidity

This refers to the ability to convert an investment into cash at any moment in time with

a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality when there is an occasional need for funds. The potential fluctuations in market value and the expected future availability of reasonable bids in the market are to be important considerations when selecting an investment.

C. Yield

Yield is the potential dollar earnings an investment can provide and sometimes is described as the rate of return.

Diversification

The City will diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, or individual financial institutions. In no case, without prior notification and approval from the City Council, shall the amount invested in one entity at the time of purchase exceed 5% of the total portfolio, with the following exceptions:

- U.S. Federal Government Agency Obligations of one specific entity cannot exceed 25% of the maturity value of the portfolio at the time of purchase.
- U.S. Treasury Obligations (Treasury Bills, Treasury Strips, Bonds, Notes) directly backed by the full faith and credit of the United States for payment of principal and interest shall not be subject to a maximum percentage of the portfolio.
- Approved State and County investment pools together cannot exceed 60% of the maturity value of the portfolio at the time of purchase, and no more than 40% of the maturity value at the time of purchase can be deposited in any one particular pool.

Investment Pools

The City Treasurer, Administrative Services Director and City Council have determined that use of investment pools is a practical investment option. The City will utilize guidelines established by the California Municipal Treasurers Association and California Society of Municipal Finance Officers to ensure the safety of investment pools which includes a thorough investigation of the pool/fund prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Maturity Limitations

Every investment instrument purchased must have a term remaining to maturity of less than five years, unless the investment is for the Senior Low Cost Housing Subsidy Program, bond proceeds for the Reserve Fund, funded/capitalized interest fund; or the City Council has granted express authority to make that investment, either specifically or as part of an investment program approved by the City Council no more than three months prior to

the investment. When possible, a minimum of 25% of the portfolio should be in maturities of one year or less.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis which ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities shall be held by a third-party custodian designated by the City and evidenced by safekeeping receipts with a written custodial agreement. The only exception to the foregoing shall be depository accounts and securities purchases made with: LAIF, direct time certificates of deposit and money market mutual funds, since the purchased securities are not deliverable. Settlement instructions sent to the safekeeping agent shall require authorization.

Monthly trust statements are reconciled to the Investment Reports by the City's Accountant. The City's Accountant performs reconciliation of the monthly bank statements. The periodic review of the investment portfolio, including investment types, purchase price, market values, maturity dates, and investment yields as well as conformance to the stated investment policy will be performed by the Investment Advisory Committee.

Qualified Broker/Dealers

For those investments managed directly by the City, the City shall maintain a listing of broker/dealers that are approved by the Investment Advisory Committee for investment purposes. All broker/dealers who desire to bid for investment transactions must supply the City with the following information; a completed broker/dealer questionnaire, audited financial statements, proof of National Association of Security Dealers' certification, trading resolution, proof of California registration, and certification of having read the City of Brea's investment policy.

The Investment Advisory Committee will conduct an annual review of the qualified broker/dealers. The decision to add or subtract from the authorized list of broker/dealers will be based on many factors to include, but not limited to, products offered, service levels, references, etc. No single factor will determine the Committee's final decision. A current audited financial statement is required to be on file for each broker/dealer with which the City of Brea invests. The City's authorized brokers/dealers shall provide written confirmation of having read and understood the City's investment policy and that all investments recommended by them will be suitable for the City of Brea.

Monitoring and Adjusting the Portfolio

The City Treasurer and Administrative Services Director will routinely monitor the contents, performance and risk profile of the investment portfolio, the investment alternatives, and the relative values of competing investment instruments and will adjust the portfolio accordingly based on the approved Statement of Investment Policy on a quarterly basis. The City Council shall also bear a responsibility for monitoring the implementation of this policy and the safeguarding of the City's Treasury.

Performance Standards

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer and Administrative Services Director shall monitor and evaluate the portfolio's performance relative to market benchmark, which will be included in the Treasurer's monthly report. The Treasurer and Administrative Services Director shall select an appropriate, readily available index to use as a market benchmark.

Monthly Reporting

Monthly investment reports will be submitted by the City Treasurer and Administrative Services Director to the City Council. These reports will disclose, at a minimum, the following information about the characteristics of the City's portfolio:

- A. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate.
- B. Monthly transactions for the period.
- C. A one-page summary report that shows:
 - 1. Average maturity of the portfolio and modified duration of the portfolio;
 - 2. Maturity distribution of the portfolio;
 - 3. Average portfolio credit quality; and,
 - 4. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year to date, and since inception compared to the City's market benchmark returns for the same periods;
- D. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
- E. A statement that the City has adequate funds to meet its cash flow requirements for the next six months.

Bond Funds/Arbitrage

The U.S. Tax Reform Act of 1986 requires the City to perform annual arbitrage calculations and rebate excess earnings from investments of proceeds of bond issues sold after the effective date of this law to the U.S. Treasury. This arbitrage calculation may be contracted with an outside source to provide the necessary technical assistance to comply with this regulation. Funds subject to the 1986 Tax Reform Act will be kept segregated from other funds and records will be kept in a fashion to facilitate the calculations. The City's investment position relative to the new arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity. It is a fiscally sound position to continue maximization of yield and to rebate excess earnings, if necessary.

Review and/or Modification

The City Treasurer and Investment Advisory Committee shall be responsible for reviewing and recommending modifications to the Statement of Investment Policy and submitting it to the City Council for approval on an annual basis. However, the City Treasurer and Administrative Services Director may, at any time, further restrict the investments approved for purchase as deemed appropriate.

Internal Controls

The City Treasurer and Administrative Services Director shall organize the investment function so that specific responsibility for the performance of duties is assigned with a clear line of authority and reporting. The functions of authorizing, executing and recording

transactions, custody of investments and performing reconciliation's will be handled by separate persons to reduce the risk that anyone person is in a position to conceal errors or fraud in the normal course of duty. While no internal control system, however elaborate, can guarantee absolute assurance that the City's assets are safeguarded, it is the intent of the City's internal control system to provide reasonable assurance that management of the investment function meets the City's objectives. These internal controls shall be reviewed annually by the independent auditor who shall review and comment upon the content of this policy, the effectiveness of its implementation and applicable management controls with regard to its implementation and the safeguarding of the City's Treasury funds.

Investment Advisory Committee

An Investment Advisory Committee ("Committee") is established to review and make recommendations on the Investment Policy and investment strategy of the City of Brea/Successor Agency to the Brea Redevelopment Agency and to strengthen the internal control of the management of the City's funds. The following are the duties and responsibilities of the Committee:

A. Purpose

1. To review and make recommendations on investment policy and investment strategy of the City of Brea/Successor Agency to the Brea Redevelopment Agency.
2. To review the City's investments on a periodic basis and to recommend any exceptions and/or changes to the policy, to the City Council for review and approval.

B. Composition of Committee

1. City Treasurer
2. City Council Member, who serves as the Chair (selected by the City Council)
3. Administrative Services Director
4. Revenue and Budget Manager
5. Three (3) Brea Citizens (selected by the City Council with the City Treasurer as subcommittee members)

C. Functions

1. Annually (or as needed)
 - a. To review and approve Statement of Investment Policy
 - b. To review the financial condition and registrations of qualified broker/dealers (Only required when investments are managed by the City)
2. Monthly or Quarterly
 - a. To review the City's investments
 - b. To recommend any modifications to the Investment Policy
 - c. To develop and carry out the ongoing investment strategy in accordance with the Investment Policy
 - d. To provide a status report at a study session of the City Council as requested

The function of the Committee is not to inhibit the daily operation of the Administrative Services Department, but to provide policy guidelines within which to work on a day-to-day basis. By this, it is meant that each individual trade need not be approved by the Committee at the time it is transacted provided that it falls within the scope of the Statement of Investment Policy.

Disclosure

Members of the Committee shall be required to comply with the Fair Political Practices Act reporting requirements (Form 700) on an annual basis and submit filings to the City Clerk's Office.

SEGREGATION OF RESPONSIBILITIES (External)

FUNCTION	RESPONSIBILITY
Develop formal Statement of Investment Policy	Administrative Services Director Revenue and Budget Manager
Recommend modifications to Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager
Review formal Statement of Investment Policy and recommend a Council action	City Treasurer Investment Advisory Committee
Adopt formal Statement of Investment Policy	City Council
Select investments	Outside Investment Manager
Execute investment transactions and fax or email completed trade information to City	Outside Investment Manager
Review transactions for compliance with investment policy	City Treasurer, Administrative Services Director, or Revenue and Budget Manager
Investment verification (match broker confirmation to trade information provided by outside Investment Manager to City investment records)	Administrative Services Director, or Revenue and Budget Manager
Record investment transactions into City's accounting records	City Accountant
Reconcile investment records to accounting records and bank statements and report any variances to Administrative Services Director and City Treasurer	City Accountant
Security	Time Certificates of Deposit will be maintained in the City's vault in the care of the City Treasurer and Administrative Services Director. All other investment securities will be held in safekeeping in the trust department of the City's Depository Bank, or other third party custodian as designated by the City Treasurer or Administrative Services Director.

SEGREGATION OF RESPONSIBILITIES

(Internal)

FUNCTION	RESPONSIBILITY
Develop formal Statement of Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager
Recommend modifications to Statement of Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager Investment Advisory Committee
Review formal Statement of Investment Policy and recommend City Council action	Investment Advisory Committee
Annually review and adopt a formal Statement of Investment Policy	City Council
Select investments	Administrative Services Director, or Revenue and Budget Manager
Approve transactions	Administrative Services Director
Execute investment transactions	Administrative Services Director
Investment verification (match broker confirmation to City investment records)	Administrative Services Director, or Revenue and Budget Manager
Record investment transactions into City's accounting records	City Accountant
Reconcile investment records to accounting records and bank statements and report any variances to the Administrative Services Director	City Accountant
Security	Time Certificates of Deposit will be maintained in the City's vault in the care of the City Treasurer and Administrative Services Director. All other investment securities will be held in safekeeping in the trust department of the City's Depository Bank, or other third party custodian as designated by the City Treasurer or Administrative Services Director

GLOSSARY

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BOOK VALUE: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or plus accretion of discount.

BROKER: A broker brings buyers and sellers together for a commission.

CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION (CMTA): Is the professional society of active public treasurers of California counties, cities and special districts. It sets ethical standards for the treasury profession in state and local governments in California.

CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS (CSMFO): Is a professional association of state, county and local government finance officers in California. CSMFO is the statewide organization serving all of California municipal finance professionals, an affiliate of the nationwide Government Finance Officers Association (GFOA).

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the (*entity*). It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

CORPORATE BOND: A debt security issued by corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, *e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.*

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL (FFIEC): The Council is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Controller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB), and to make recommendations to promote uniformity in the supervision of financial institutions.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INVERSE FLOATER: A bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate. An inverse floater adjusts its coupon payment as the interest rate changes. This investment is prohibited under in the City's and Successor Agency to the Brea Redevelopment Agency Investment Policy.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PASSBOOK SAVINGS ACCOUNT: A savings account in which deposits and withdrawals are recorded in the depositor's passbook.

PASS-THROUGH SECURITY: A pool of fixed income securities backed by a package of assets (i.e. mortgages) where the holder receives the principal and interest payments.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL: The face value or par value of an investment.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PRUDENT INVESTOR STANDARD: Is a standard defined under State Government Code Section 53600.3 that states when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic

conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City/Successor Agency to the Brea Redevelopment Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

City Of Brea / Successor Agency to the Brea Redevelopment Agency

DRAFT

STATEMENT OF INVESTMENT POLICY

August 20, 2019

Purpose: This statement is intended to provide a guideline for the prudent investment of funds and to outline the policies for maximizing the efficiency of the City of Brea and Successor Agency to the Brea Redevelopment Agency ("City") cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled funds. This investment policy has been prepared so as to be in conformance with all pertinent existing laws of the State of California for General Law cities.

Objective: The cash management system of the City is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain a market rate of return without incurring undue risk to principal. The objectives of such investments are: 1) preserve capital, 2) maintain financial flexibility/liquidity, and 3) obtain a competitive rate of return on the City's investments.

Scope: This investment policy applies to the decisions and activities of the City with regard to investing the financial assets of all funds, including the following: General Fund, Special Revenue Funds, Assessment Funds, Enterprise Funds, Internal Service Funds, Capital Projects Funds, Debt Service Funds, Reserve Funds, Trust and Agency Funds, and any other funds that may be created from time to time. This policy does not apply retiree health care savings/trust/plan(s) or deferred compensation plans.

Investment Responsibility: Investment decisions of the City funds are the responsibility of the City Treasurer and/or Administrative Services Director, and shall comply with the Investment Policy of the City. These responsibilities include the authority to open accounts with banks, brokers and dealers, establish safekeeping accounts or other arrangements for the custody of securities and to execute such documents as may be necessary.

Those authorized to execute transactions for the City include the: 1) City Treasurer, 2) Administrative Services Director, 3) Revenue and Budget Manager, and 4) those specifically deputized by the City Treasurer and Administrative Services Director with said authorization to be filed with the City Clerk. The City Treasurer and Administrative Services Director shall insure that an authorized person is available at all times to execute the City's investments. Investment managers, brokers and dealers are to be provided with a list of specified names of those persons authorized to execute transactions. The City Council may authorize the delegation of investments to an outside investment manager.

Reporting: The Administrative Services Director shall be responsible for reporting the status of investments to the City Council and City Manager on a monthly basis. These reports will disclose, at a minimum, the following information about the characteristics of the City's portfolio:

- A. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate.
- B. Monthly transactions for the period.
- C. A one-page summary report that shows:

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1. Average maturity of the portfolio and modified duration of the portfolio;
2. Maturity distribution of the portfolio;
3. Average portfolio credit quality; and,
4. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year to date, and since inception compared to the City's market benchmark returns for the same periods;

D. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.

E. A statement that the City has adequate funds to meet its cash flow requirements for the next six months.

Reports are to be submitted to the City Council and City Manager by the 3rd City Council meeting following the end of the reporting month.

The Investment Advisory Committee will review the status of investments on a quarterly basis. These reports shall include the type of investment, institution, face amount, market value, book value, interest rate, date of maturity, compliance to the investment policy.

If the City has an outside Investment Manager, the Investment Manager shall periodically report on the activity and results of the funds being managed by the Investment Manager. Additionally, the Investment Manager shall notify the Investment Advisory Committee when investment portfolios demonstrate low performance, if any, which occurs between each periodic report.

Prudence: The standard of prudence to be applied by the City Treasurer, Administrative Services Director, Revenue and Budget Manager, and those specifically deputized by the City Treasurer and Administrative Services Director with said authorization to be filed with the City Clerk shall be the "prudent investor" standard, as defined under Government Code Section 53600.3 which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City/Successor Agency to the Brea Redevelopment Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Ethics and Conflicts of Interest: Officers and employees involved in the City investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. City employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within the City, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Investment Instruments: Funds of the City may be invested in any instrument allowable

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under current legislation of the State of California (Government Code Section 53600 et sec.) so long as the investment is appropriate and consistent with this Investment Policy taking into consideration the City's investment objectives. Investment instruments may include:

- U.S. Treasury Obligations (Bills, Notes and Bonds)
- U.S. Government Agency Securities and Instrumentality's of Government Sponsored Corporations, including a maximum of 5% in callable bonds issued by such agencies
- Banker's Acceptances
- Commercial Paper
- Repurchase Agreements (requires a master repurchase agreement to be signed and on file with the bank or broker/dealer)
- Certificates of Deposit
- Negotiable Certificates of Deposit
- Passbook Savings Accounts
- Interest Bearing Checking Accounts
- Medium Term Corporate Notes
- Bank Money Market Accounts
- Local Agency Investment Fund (State Pool)
- County of Orange Investment Fund (County Pool)
- Other investments that are, or may become, legal investments through the State of California Government Code.

Provisions of Government Code Section 53601 shall be adhered to at all times. This includes, but is not limited to, the following restrictions:

- Bankers Acceptances cannot exceed 40% of the portfolio nor exceed 180 days;
- Commercial Paper cannot exceed 25% of the portfolio. Commercial Paper must be rated P-1 (Moody's), A-1 (Standard & Poor's) and cannot exceed 270 days;
- Money Market Funds cannot exceed 20% of the portfolio;
- Medium Term Corporate Notes cannot exceed 30% of the portfolio and must carry a minimum A rating;
- Pass-through securities including Collateralized Mortgage Obligations cannot exceed 20% of the portfolio.
 - Collateralized Mortgage Obligations must pass the Federal Financial Institution Examination Council (FFIEC) liquidity test to be an eligible investment for the City
 - Asset Backed Securities are limited to a maximum of 10% of the portfolio at time of purchase
 - Maximum maturity of 5 years
 - Asset Backed Security must be rated AA or higher
- Supranational Securities must be rated AA or higher, cannot exceed 15% of the portfolio and no more than 5% of portfolio per issuer. The maximum maturity cannot exceed 5 years.
- Additionally, the City will use the guidelines established by the joint committee of the California Municipal Treasurers Association and the California Society of Municipal Finance Officers as the basis for investing in government investment pools.

For purposes of complying with legal investment limitations, the percentage references pertaining to the above refers to the maturity value of the portfolio at the time of purchase.

Prohibited Investments: The City shall not invest any funds in derivatives, inverse floaters,

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range notes, or interest- only strips that are derived from a pool of mortgages. The City shall not invest any funds in any security that could result in a zero interest accrual if held to maturity.

Collateralization: Collateralization shall be required on two types of investments: Certificates of deposit and repurchase (and reverse repurchase) agreements. A collateral agreement must be current and on file before any funds can be transferred for collateralized certificates of deposit.

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Collateral shall be held by an independent third party with whom the City has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted in accordance with the following requirements:

- A. Certificates of Deposit
 1. Government securities used as collateral require one hundred and ten (110) percent of market value to the face amount of the deposit
 2. Promissory notes secured by first trust deeds used as collateral require one hundred and fifty (150) percent of market value to the face amount of the deposit
 3. Irrevocable letters of Credit issued by the Federal Home Loan Bank of San Francisco require one hundred and five (105) percent of market value to the face amount of the deposit
- B. Repurchase and Reverse Repurchase Agreements
 1. Only U.S. Treasury securities or federal agency securities are acceptable collateral. All securities underlying repurchase agreements must be delivered to the City's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed one hundred and two (102) percent of the total dollar value of the money invested by the City for the term of the investment. For any repurchase agreement with a term of more than one (1) day, the value of the underlying securities must be reviewed on an ongoing basis according to market conditions. Market value must be calculated each time there is a substitution of collateral.
 2. The City or its trustee shall have perfected first security interest under the Uniform Commercial Code in all securities subject to a repurchase agreement.

Investment Criteria: Criteria for selecting investments and the order of priority are;

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A. **Safety**

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those investments that are considered very safe.

B. **Liquidity**

This refers to the ability to convert an investment into cash at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality when there is an occasional need for funds. The potential

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fluctuations in market value and the expected future availability of reasonable bids in the market are to be important considerations when selecting an investment.

C. Yield

Yield is the potential dollar earnings an investment can provide and sometimes is described as the rate of return.

Diversification: The City will diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, or individual financial institutions. In no case, without prior notification and approval from the City Council, shall the amount invested in one entity at the time of purchase exceed 5% of the total portfolio, with the following exceptions:

- U.S. Federal Government Agency Obligations of one specific entity cannot exceed 25% of the maturity value of the portfolio at the time of purchase.
- U.S. Treasury Obligations (Treasury Bills, Treasury Strips, Bonds, Notes) directly backed by the full faith and credit of the United States for payment of principal and interest shall not be subject to a maximum percentage of the portfolio.
- Approved State and County investment pools together cannot exceed 60% of the maturity value of the portfolio at the time of purchase, and no more than 40% of the maturity value at the time of purchase can be deposited in any one particular pool.

Investment Pools: The City Treasurer, Administrative Services Director and City Council have determined that use of investment pools is a practical investment option. The City will utilize guidelines established by the California Municipal Treasurers Association and California Society of Municipal Finance Officers to ensure the safety of investment pools which includes a thorough investigation of the pool/fund prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Maturity Limitations: Every investment instrument purchased must have a term remaining to maturity of less than five years, unless the investment is for the Senior Low Cost Housing Subsidy Program, bond proceeds for the Reserve Fund, funded/capitalized interest fund; or the City Council has granted express authority to make that investment, either specifically or as part of an investment program approved by the City Council no more than three months prior to the investment. When possible, a minimum of 25% of the portfolio should be in maturities of one year or less.

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Safekeeping and Custody: All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis which ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities shall be held by a third-party custodian designated by the City and evidenced by safekeeping receipts with a written custodial agreement. The only exception to the foregoing shall be depository accounts and securities purchases made with: LAIF, direct time certificates of deposit and money market mutual funds, since the purchased securities are not deliverable. Settlement instructions sent to the safekeeping agent shall require authorization.

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Monthly trust statements are reconciled to the Investment Reports by the City's Accountant. The City's Accountant performs reconciliation of the monthly bank statements. The periodic review of the investment portfolio, including investment types, purchase price, market values, maturity dates, and investment yields as well as conformance to the stated investment policy will be performed by the Investment Advisory Committee.

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Qualified Broker/Dealers: For those investments managed directly by the City, the City shall maintain a listing of broker/dealers that are approved by the Investment Advisory Committee for investment purposes. All broker/dealers who desire to bid for investment transactions must supply the City with the following information; a completed broker/dealer questionnaire, audited financial statements, proof of National Association of Security Dealers' certification, trading resolution, proof of California registration, and certification of having read the City of Brea's investment policy.

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The Investment Advisory Committee will conduct an annual review of the qualified broker/dealers. The decision to add or subtract from the authorized list of broker/dealers will be based on many factors to include, but not limited to, products offered, service levels, references, etc. No single factor will determine the Committee's final decision. A current audited financial statement is required to be on file for each broker/dealer with which the City of Brea invests. The City's authorized brokers/dealers shall provide written confirmation of having read and understood the City's investment policy and that all investments recommended by them will be suitable for the City of Brea.

Selection of broker/dealers used by an external investment adviser retained by the City will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

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Monitoring and Adjusting the Portfolio: The City Treasurer and Administrative Services Director will routinely monitor the contents, performance and risk profile of the investment portfolio, the investment alternatives, and the relative values of competing investment instruments and will adjust the portfolio accordingly based on the approved Statement of Investment Policy on a quarterly basis. The City Council shall also bear a responsibility for monitoring the implementation of this policy and the safeguarding of the City's Treasury.

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Monitoring and Adjusting the Portfolio

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Performance Standards: The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into

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account the City's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Administrative Services Director shall monitor and evaluate the portfolio's performance relative to market benchmark, which will be included in the monthly report of investments~~investments~~. The Treasurer and Administrative Services Director shall select an appropriate, readily available index to use as a market benchmark.

Bond Funds/Arbitrage: The U.S. Tax Reform Act of 1986 requires the City to perform annual arbitrage calculations and rebate excess earnings from investments of proceeds of bond issues sold after the effective date of this law to the U.S. Treasury. This arbitrage calculation may be contracted with an outside source to provide the necessary technical assistance to comply with this regulation. Funds subject to the 1986 Tax Reform Act will be kept segregated from other funds and records will be kept in a fashion to facilitate the calculations. The City's investment position relative to the new arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity. It is a fiscally sound position to continue maximization of yield and to rebate excess earnings, if necessary.

Review/or Modification: The Investment Advisory Committee shall be responsible for reviewing and recommending modifications to the Statement of Investment Policy and submitting it to the City Council for approval on an annual basis. However, the City Treasurer and Administrative Services Director may, at any time, further restrict the investments approved for purchase as deemed appropriate.

Internal Controls: The City Treasurer and Administrative Services Director shall organize the investment function so that specific responsibility for the performance of duties is assigned with a clear line of authority and reporting. The functions of authorizing, executing and recording transactions, custody of investments and performing reconciliation's will be handled by separate persons to reduce the risk that anyone person is in a position to conceal errors or fraud in the normal course of duty. While no internal control system, however elaborate, can guarantee absolute assurance that the City's assets are safeguarded, it is the intent of the City's internal control system to provide reasonable assurance that management of the investment function meets the City's objectives. These internal controls shall be reviewed annually by the independent auditor who shall review and comment upon the content of this policy, the effectiveness of its implementation and applicable management controls with regard to its implementation and the safeguarding of the City's Treasury funds.

Investment Advisory Committee: An Investment Advisory Committee ("Committee") is established to review and make recommendations on the Investment Policy and investment strategy of the City of Brea/Successor Agency to the Brea Redevelopment Agency and to strengthen the internal control of the management of the City's funds. The following are the duties and responsibilities of the Committee:

A. Purpose

1. To review and make recommendations on investment policy and investment strategy of the City of Brea/Successor Agency to the Brea Redevelopment Agency.
2. To review the City's investments on a periodic basis and to recommend any exceptions and/or changes to the policy, to the City Council for review and approval.

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Monthly investment reports will be submitted by the City Treasurer and Administrative Services Director to the City Council. These reports will disclose, at a minimum, the following information about the characteristics of the City's portfolio:¶

¶
An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate.¶
Monthly transactions for the period.¶

A one-page summary report that shows:¶
Average maturity of the portfolio and modified duration of the portfolio;¶
Maturity distribution of the portfolio;¶

Average portfolio credit quality; and,¶
Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months,

year to date, and since inception compared to the City's market benchmark returns for the same periods;¶
A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.¶

¶
A statement that the City has adequate funds to meet its cash flow requirements for the next six months.¶

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Bond Funds/Arbitrage¶

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B. Composition of Committee

1. City Treasurer
2. City Council Member, who serves as the Chair (selected by the City Council)
3. Administrative Services Director
4. Revenue and Budget Manager
5. Three (3) Brea Citizens (selected by the City Council with the City Treasurer as subcommittee members)

C. Functions

1. Annually (or as needed)
 - a. To review and approve Statement of Investment Policy
 - b. To review the financial condition and registrations of qualified broker/dealers (Only required when investments are managed by the City)
2. Monthly or Quarterly
 - a. To review the City's investments
 - b. To recommend any modifications to the Investment Policy
 - c. To develop and carry out the ongoing investment strategy in accordance with the Investment Policy
 - d. To provide a status report at a study session of the City Council as requested

The function of the Committee is not to inhibit the daily operation of the Administrative Services Department, but to provide policy guidelines within which to work on a day-to-day basis. By this, it is meant that each individual trade need not be approved by the Committee at the time it is transacted provided that it falls within the scope of the Statement of Investment Policy.

Disclosure: Members of the Committee shall be required to comply with the Fair Political Practices Act reporting requirements (Form 700) on an annual basis and submit filings to the City Clerk's Office.

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SEGREGATION OF RESPONSIBILITIES
(External)

FUNCTION	RESPONSIBILITY
Develop formal Statement of Investment Policy	Administrative Services Director Revenue and Budget Manager
Recommend modifications to Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager
Review formal Statement of Investment Policy and recommend a Council action	City Treasurer Investment Advisory Committee
Adopt formal Statement of Investment Policy	City Council
Select investments	Outside Investment Manager
Execute investment transactions and fax or email completed trade information to City	Outside Investment Manager
Review transactions for compliance with investment policy	City Treasurer, Administrative Services Director, or Revenue and Budget Manager
Investment verification (match broker confirmation to trade information provided by outside Investment Manager to City investment records)	Administrative Services Director, or Revenue and Budget Manager
Record investment transactions into City's accounting records	City Accountant
Reconcile investment records to accounting records and bank statements and report any variances to Administrative Services Director and City Treasurer	City Accountant
Security	All other investment securities will be held in safekeeping in the trust department of the City's Depository Bank, or other third party custodian as designated by the City Treasurer or Administrative Services Director.

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SEGREGATION OF RESPONSIBILITIES
(Internal)

FUNCTION	RESPONSIBILITY
Develop formal Statement of Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager
Recommend modifications to Statement of Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager Investment Advisory Committee
Review formal Statement of Investment Policy and recommend City Council action	Investment Advisory Committee
Annually review and adopt a formal Statement of Investment Policy	City Council
Select investments	Administrative Services Director, or Revenue and Budget Manager
Approve transactions	Administrative Services Director
Execute investment transactions	Administrative Services Director
Investment verification (match broker confirmation to City investment records)	Administrative Services Director, or Revenue and Budget Manager
Record investment transactions into City's accounting records	City Accountant
Reconcile investment records to accounting records and bank statements and report any variances to the Administrative Services Director	City Accountant
Security	All other investment securities will be held in safekeeping in the trust department of the City's Depository Bank, or other third party custodian as designated by the City Treasurer or Administrative Services Director

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GLOSSARY OF INVESTMENTS TERMS

AGENCIES: Shorthand market terminology for any obligation issued by a government-sponsored entity (GSE), or a federally related institution. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB: The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB: The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC: Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "Freddie MacFreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA: Like FHLB and Freddie MacFreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "Fannie MaeFannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA: The Government National Mortgage Association, known as "Ginnie MaeGinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO: The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA: The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE: In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER'S ACCEPTANCE: A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

BENCHMARK: A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER: A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION (CMTA): Is the professional society of active public treasurers of California counties, cities and special districts. It sets ethical standards for the treasury profession in state and local governments in California.

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CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS (CSMFO): Is a professional association of state, county and local government finance officers in California. CSMFO is the statewide organization serving all of California municipal finance professionals, an affiliate of the nationwide Government Finance Officers Association (GFOA).

CALLABLE: A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS): A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL: COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED BANK DEPOSIT: A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COLLATERALIZED MORTGAGE OBLIGATIONS COLLATERALIZED (CMO): Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COLLATERALIZED TIME DEPOSIT: Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

PAPER: The short-term unsecured debt of corporations.

COUPON: COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK: The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

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DEBENTURE: DEBENTURE, A bond secured only by the general credit of the issuer.

VS. PAYMENT (DVP): A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE: Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury Bills.)

DIVERSIFICATION: DIVERSIFICATION, Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION: DURATION, The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes in interest rates.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is

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POOL: Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

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MAKE WHOLE CALL: A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN: The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK: The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE: The price at which a security can be traded.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The final date upon which the principal of a security becomes due and payable.

MEDIUM TERM NOTES: Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION: The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MARKET: The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MONEY MARKET MUTUAL FUND: A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.

MORTGAGE PASS-THROUGH SECURITIES: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES: Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND: An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can

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prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City/Successor Agency to the Brea Redevelopment Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

PRUDENT PERSON (PRUDENT INVESTOR) RULE: A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

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STRUCTURED NOTE: A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse

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floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATURAL: A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS: All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD TO MATURITY: The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

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City Of Brea / Successor Agency to the Brea Redevelopment Agency

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STATEMENT OF INVESTMENT POLICY

August 20, 2019

Purpose: This statement is intended to provide a guideline for the prudent investment of funds and to outline the policies for maximizing the efficiency of the City of Brea and Successor Agency to the Brea Redevelopment Agency ("City") cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled funds. This investment policy has been prepared so as to be in conformance with all pertinent existing laws of the State of California for General Law cities.

Objective: The cash management system of the City is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain a market rate of return without incurring undue risk to principal. The objectives of such investments are: 1) preserve capital, 2) maintain financial flexibility/liquidity, and 3) obtain a competitive rate of return on the City's investments.

Scope: This investment policy applies to the decisions and activities of the City with regard to investing the financial assets of all funds, including the following: General Fund, Special Revenue Funds, Assessment Funds, Enterprise Funds, Internal Service Funds, Capital Projects Funds, Debt Service Funds, Reserve Funds, Trust and Agency Funds, and any other funds that may be created from time to time. This policy does not apply retiree health care savings/trust/plan(s) or deferred compensation plans.

Investment Responsibility: Investment decisions of the City funds are the responsibility of the City Treasurer and/or Administrative Services Director, and shall comply with the Investment Policy of the City. These responsibilities include the authority to open accounts with banks, brokers and dealers, establish safekeeping accounts or other arrangements for the custody of securities and to execute such documents as may be necessary.

Those authorized to execute transactions for the City include the: 1) City Treasurer, 2) Administrative Services Director, 3) Revenue and Budget Manager, and 4) those specifically deputized by the City Treasurer and Administrative Services Director with said authorization to be filed with the City Clerk. The City Treasurer and Administrative Services Director shall insure that an authorized person is available at all times to execute the City's investments. Investment managers, brokers and dealers are to be provided with a list of specified names of those persons authorized to execute transactions. The City Council may authorize the delegation of investments to an outside investment manager.

Reporting: The Administrative Services Director shall be responsible for reporting the status of investments to the City Council and City Manager on a monthly basis. These reports will disclose, at a minimum, the following information about the characteristics of the City's portfolio:

A. An asset listing showing par value, cost and accurate and complete market value of

- each security, type of investment, issuer, and interest rate.
- B. Monthly transactions for the period.
- C. A one-page summary report that shows:
 - 1. Average maturity of the portfolio and modified duration of the portfolio;
 - 2. Maturity distribution of the portfolio;
 - 3. Average portfolio credit quality; and,
 - 4. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year to date, and since inception compared to the City's market benchmark returns for the same periods;
- D. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
- E. A statement that the City has adequate funds to meet its cash flow requirements for the next six months.

Reports are to be submitted to the City Council and City Manager by the 3rd City Council meeting following the end of the reporting month.

The Investment Advisory Committee will review the status of investments on a quarterly basis. These reports shall include the type of investment, institution, face amount, market value, book value, interest rate, date of maturity, compliance to the investment policy.

If the City has an outside Investment Manager, the Investment Manager shall periodically report on the activity and results of the funds being managed by the Investment Manager. Additionally, the Investment Manager shall notify the Investment Advisory Committee when investment portfolios demonstrate low performance, if any, which occurs between each periodic report.

Prudence: The standard of prudence to be applied by the City Treasurer, Administrative Services Director, Revenue and Budget Manager, and those specifically deputized by the City Treasurer and Administrative Services Director with said authorization to be filed with the City Clerk shall be the "prudent investor" standard, as defined under Government Code Section 53600.3 which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City/Successor Agency to the Brea Redevelopment Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Ethics and Conflicts of Interest: Officers and employees involved in the City investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. City employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within the City,

and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Investment Instruments: Funds of the City may be invested in any instrument allowable under current legislation of the State of California (Government Code Section 53600 et sec.) so long as the investment is appropriate and consistent with this Investment Policy taking into consideration the City's investment objectives. Investment instruments may include:

- U.S. Treasury Obligations (Bills, Notes and Bonds)
- U.S. Government Agency Securities and Instrumentality's of Government Sponsored Corporations, including a maximum of 5% in callable bonds issued by such agencies
- Banker's Acceptances
- Commercial Paper
- Repurchase Agreements (requires a master repurchase agreement to be signed and on file with the bank or broker/dealer)
- Certificates of Deposit
- Negotiable Certificates of Deposit
- Passbook Savings Accounts
- Interest Bearing Checking Accounts
- Medium Term Corporate Notes
- Bank Money Market Accounts
- Local Agency Investment Fund (State Pool)
- County of Orange Investment Fund (County Pool)
- Other investments that are, or may become, legal investments through the State of California Government Code.

Provisions of Government Code Section 53601 shall be adhered to at all times. This includes, but is not limited to, the following restrictions:

- Bankers Acceptances cannot exceed 40% of the portfolio nor exceed 180 days;
- Commercial Paper cannot exceed 25% of the portfolio. Commercial Paper must be rated P-1 (Moody's), A-1 (Standard & Poor's) and cannot exceed 270 days;
- Money Market Funds cannot exceed 20% of the portfolio;
- Medium Term Corporate Notes cannot exceed 30% of the portfolio and must carry a minimum A rating;
- Pass-through securities including Collateralized Mortgage Obligations cannot exceed 20% of the portfolio.
 - Collateralized Mortgage Obligations must pass the Federal Financial Institution Examination Council (FFIEC) liquidity test to be an eligible investment for the City
 - Asset Backed Securities are limited to a maximum of 10% of the portfolio at time of purchase
 - Maximum maturity of 5 years
 - Asset Backed Security must be rated AA or higher
- Supranational Securities must be rated AA or higher, cannot exceed 15% of the

portfolio and no more than 5% of portfolio per issuer. The maximum maturity cannot exceed 5 years.

- Additionally, the City will use the guidelines established by the joint committee of the California Municipal Treasurers Association and the California Society of Municipal Finance Officers as the basis for investing in government investment pools.

For purposes of complying with legal investment limitations, the percentage references pertaining to the above refers to the maturity value of the portfolio at the time of purchase.

Prohibited Investments: The City shall not invest any funds in derivatives, inverse floaters, range notes, or interest- only strips that are derived from a pool of mortgages. The City shall not invest any funds in any security that could result in a zero interest accrual if held to maturity.

Collateralization: Collateralization shall be required on two types of investments: Certificates of deposit and repurchase (and reverse repurchase) agreements. A collateral agreement must be current and on file before any funds can be transferred for collateralized certificates of deposit.

Collateral shall be held by an independent third party with whom the City has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted in accordance with the following requirements:

- A. Certificates of Deposit
 1. Government securities used as collateral require one hundred and ten (110) percent of market value to the face amount of the deposit
 2. Promissory notes secured by first trust deeds used as collateral require one hundred and fifty (150) percent of market value to the face amount of the deposit
 3. Irrevocable letters of Credit issued by the Federal Home Loan Bank of San Francisco require one hundred and five (105) percent of market value to the face amount of the deposit
- B. Repurchase and Reverse Repurchase Agreements
 1. Only U.S. Treasury securities or federal agency securities are acceptable collateral. All securities underlying repurchase agreements must be delivered to the City's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed one hundred and two (102) percent of the total dollar value of the money invested by the City for the term of the investment. For any repurchase agreement with a term of more than one (1) day, the value of the underlying securities must be reviewed on an ongoing basis according to market conditions. Market value must be calculated each time there is a substitution of collateral.
 2. The City or its trustee shall have perfected first security interest under the Uniform Commercial Code in all securities subject to a repurchase agreement.

Investment Criteria: Criteria for selecting investments and the order of priority are:

A. Safety

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those investments that are considered very safe.

B. Liquidity

This refers to the ability to convert an investment into cash at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality when there is an occasional need for funds. The potential fluctuations in market value and the expected future availability of reasonable bids in the market are to be important considerations when selecting an investment.

C. Yield

Yield is the potential dollar earnings an investment can provide and sometimes is described as the rate of return.

Diversification: The City will diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, or individual financial institutions. In no case, without prior notification and approval from the City Council, shall the amount invested in one entity at the time of purchase exceed 5% of the total portfolio, with the following exceptions:

- U.S. Federal Government Agency Obligations of one specific entity cannot exceed 25% of the maturity value of the portfolio at the time of purchase.
- U.S. Treasury Obligations (Treasury Bills, Treasury Strips, Bonds, Notes) directly backed by the full faith and credit of the United States for payment of principal and interest shall not be subject to a maximum percentage of the portfolio.
- Approved State and County investment pools together cannot exceed 60% of the maturity value of the portfolio at the time of purchase, and no more than 40% of the maturity value at the time of purchase can be deposited in any one particular pool.

Investment Pools: The City Treasurer, Administrative Services Director and City Council have determined that use of investment pools is a practical investment option. The City will utilize guidelines established by the California Municipal Treasurers Association and California Society of Municipal Finance Officers to ensure the safety of investment pools which includes a thorough investigation of the pool/fund prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and

withdrawal are allowed.

- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Maturity Limitations: Every investment instrument purchased must have a term remaining to maturity of less than five years, unless the investment is for the Senior Low Cost Housing Subsidy Program, bond proceeds for the Reserve Fund, funded/capitalized interest fund; or the City Council has granted express authority to make that investment, either specifically or as part of an investment program approved by the City Council no more than three months prior to the investment. When possible, a minimum of 25% of the portfolio should be in maturities of one year or less.

Safekeeping and Custody: All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis which ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities shall be held by a third-party custodian designated by the City and evidenced by safekeeping receipts with a written custodial agreement. The only exception to the foregoing shall be depository accounts and securities purchases made with: LAIF, direct time certificates of deposit and money market mutual funds, since the purchased securities are not deliverable. Settlement instructions sent to the safekeeping agent shall require authorization.

Monthly trust statements are reconciled to the Investment Reports by the City's Accountant. The City's Accountant performs reconciliation of the monthly bank statements. The periodic review of the investment portfolio, including investment types, purchase price, market values, maturity dates, and investment yields as well as conformance to the stated investment policy will be performed by the Investment Advisory Committee.

Qualified Broker/Dealers: For those investments managed directly by the City, the City shall maintain a listing of broker/dealers that are approved by the Investment Advisory Committee for investment purposes. All broker/dealers who desire to bid for investment transactions must supply the City with the following information; a completed broker/dealer questionnaire, audited financial statements, proof of National Association of Security Dealers' certification, trading resolution, proof of California registration, and certification of having read the City of Brea's investment policy.

The Investment Advisory Committee will conduct an annual review of the qualified broker/dealers. The decision to add or subtract from the authorized list of broker/dealers will be based on many factors to include, but not limited to, products offered, service levels, references, etc. No single factor will determine the Committee's final decision. A current audited financial statement is required to be on file for each broker/dealer with which the City of Brea invests. The City's authorized brokers/dealers shall provide written confirmation of having read and understood the City's investment policy and that all investments recommended by them will be suitable for the City of Brea.

Selection of broker/dealers used by an external investment adviser retained by the City will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

Monitoring and Adjusting the Portfolio: The City Treasurer and Administrative Services Director will routinely monitor the contents, performance and risk profile of the investment portfolio, the investment alternatives, and the relative values of competing investment instruments and will adjust the portfolio accordingly based on the approved Statement of Investment Policy on a quarterly basis. The City Council shall also bear a responsibility for monitoring the implementation of this policy and the safeguarding of the City's Treasury.

Performance Standards: The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Administrative Services Director shall monitor and evaluate the portfolio's performance relative to market benchmark, which will be included in the monthly report of investments. The Treasurer and Administrative Services Director shall select an appropriate, readily available index to use as a market benchmark.

Bond Funds/Arbitrage: The U.S. Tax Reform Act of 1986 requires the City to perform annual arbitrage calculations and rebate excess earnings from investments of proceeds of bond issues sold after the effective date of this law to the U.S. Treasury. This arbitrage calculation may be contracted with an outside source to provide the necessary technical assistance to comply with this regulation. Funds subject to the 1986 Tax Reform Act will be kept segregated from other funds and records will be kept in a fashion to facilitate the calculations. The City's investment position relative to the new arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity. It is a fiscally sound position to continue maximization of yield and to rebate excess earnings, if necessary.

Review/or Modification: The Investment Advisory Committee shall be responsible for reviewing and recommending modifications to the Statement of Investment Policy and submitting it to the City Council for approval on an annual basis. However, the City Treasurer and Administrative Services Director may, at any time, further restrict the investments approved for purchase as deemed appropriate.

Internal Controls: The City Treasurer and Administrative Services Director shall organize the investment function so that specific responsibility for the performance of duties is assigned with a clear line of authority and reporting. The functions of authorizing, executing and recording transactions, custody of investments and performing reconciliation's will be handled by separate persons to reduce the risk that anyone person

is in a position to conceal errors or fraud in the normal course of duty. While no internal control system, however elaborate, can guarantee absolute assurance that the City's assets are safeguarded, it is the intent of the City's internal control system to provide reasonable assurance that management of the investment function meets the City's objectives. These internal controls shall be reviewed annually by the independent auditor who shall review and comment upon the content of this policy, the effectiveness of its implementation and applicable management controls with regard to its implementation and the safeguarding of the City's Treasury funds.

Investment Advisory Committee: An Investment Advisory Committee ("Committee") is established to review and make recommendations on the Investment Policy and investment strategy of the City of Brea/Successor Agency to the Brea Redevelopment Agency and to strengthen the internal control of the management of the City's funds. The following are the duties and responsibilities of the Committee:

A. Purpose

1. To review and make recommendations on investment policy and investment strategy of the City of Brea/Successor Agency to the Brea Redevelopment Agency.
2. To review the City's investments on a periodic basis and to recommend any exceptions and/or changes to the policy, to the City Council for review and approval.

B. Composition of Committee

1. City Treasurer
2. City Council Member, who serves as the Chair (selected by the City Council)
3. Administrative Services Director
4. Revenue and Budget Manager
5. Three (3) Brea Citizens (selected by the City Council with the City Treasurer as subcommittee members)

C. Functions

1. Annually (or as needed)
 - a. To review and approve Statement of Investment Policy
 - b. To review the financial condition and registrations of qualified broker/dealers (Only required when investments are managed by the City)
2. Monthly or Quarterly
 - a. To review the City's investments
 - b. To recommend any modifications to the Investment Policy
 - c. To develop and carry out the ongoing investment strategy in accordance with the Investment Policy
 - d. To provide a status report at a study session of the City Council as requested

The function of the Committee is not to inhibit the daily operation of the Administrative Services Department, but to provide policy guidelines within which to work on a day-to-day basis. By this, it is meant that each individual trade need not be approved by the Committee at the time it is transacted provided that it falls within the scope of the Statement of Investment Policy.

Disclosure: Members of the Committee shall be required to comply with the Fair Political

Practices Act reporting requirements (Form 700) on an annual basis and submit filings to the City Clerk's Office.

SEGREGATION OF RESPONSIBILITIES
(External)

FUNCTION	RESPONSIBILITY
Develop formal Statement of Investment Policy	Administrative Services Director Revenue and Budget Manager
Recommend modifications to Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager
Review formal Statement of Investment Policy and recommend a Council action	City Treasurer Investment Advisory Committee
Adopt formal Statement of Investment Policy	City Council
Select investments	Outside Investment Manager
Execute investment transactions and fax or email completed trade information to City	Outside Investment Manager
Review transactions for compliance with investment policy	City Treasurer Administrative Services Director or Revenue and Budget Manager
Investment verification (match broker confirmation to trade information provided by outside Investment Manager to City investment records)	Administrative Services Director or Revenue and Budget Manager
Record investment transactions into City's accounting records	City Accountant
Reconcile investment records to accounting records and bank statements and report any variances to Administrative Services Director and City Treasurer	City Accountant
Security	All investment securities will be held in safekeeping in the trust department of the City's Depository Bank, or other third party custodian as designated by the City Treasurer or Administrative Services Director.

SEGREGATION OF RESPONSIBILITIES
(Internal)

FUNCTION	RESPONSIBILITY
Develop formal Statement of Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager
Recommend modifications to Statement of Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager Investment Advisory Committee
Review formal Statement of Investment Policy and recommend City Council action	Investment Advisory Committee
Annually review and adopt a formal Statement of Investment Policy	City Council
Select investments	Administrative Services Director or Revenue and Budget Manager
Approve transactions	Administrative Services Director
Execute investment transactions	Administrative Services Director
Investment verification (match broker confirmation to City investment records)	Administrative Services Director or Revenue and Budget Manager
Record investment transactions into City's accounting records	City Accountant
Reconcile investment records to accounting records and bank statements and report any variances to the Administrative Services Director	City Accountant
Security	All investment securities will be held in safekeeping in the trust department of the City's Depository Bank, or other third party custodian as designated by the City Treasurer or Administrative Services Director

GLOSSARY OF INVESTMENTS TERMS

AGENCIES: Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB: The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB: The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC: Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “Freddie MacFreddieMac” issues discount notes, bonds and mortgage pass-through securities.

FNMA: Like FHLB and Freddie MacFreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “Fannie MaeFannieMae,” issues discount notes, bonds and mortgage pass-through securities.

GNMA: The Government National Mortgage Association, known as “Ginnie MaeGinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO: The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA: The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE: In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER’S ACCEPTANCE: A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

BENCHMARK: A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER: A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION (CMTA): Is the professional society of active public treasurers of California counties, cities and special districts. It sets ethical standards for the treasury profession in state and local governments in California.

CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS (CSMFO): Is a professional association of state, county and local government finance officers in California. CSMFO is the statewide organization serving all of California municipal finance professionals, an affiliate of the nationwide Government Finance Officers Association (GFOA).

CALLABLE: A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS): A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL: **COLLATERAL.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED BANK DEPOSIT: A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COLLATERALIZED MORTGAGE OBLIGATION (CMO): Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COLLATERIALIZED TIME DEPOSIT: Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

PAPER: The short-term unsecured debt of corporations.

COUPON: The rate of return at which interest is paid on a bond.

CREDIT RISK: The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DEBENTURE: A bond secured only by the general credit of the issuer.

VS. PAYMENT (DVP): A securities industry procedure whereby payment for a security

must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE: Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

DIVERSIFICATION: Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION: The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes in interest rates.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, *e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.*

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-

owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INVERSE FLOATER: A bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate. An inverse floater adjusts its coupon payment as the interest rate changes. This investment is prohibited under in the City's and Successor Agency to the Brea Redevelopment Agency Investment Policy.

FEDERALLY INSURED TIME DEPOSIT: A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.

LEVERAGE: Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

LIQUIDITY: The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF): A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

POOL: Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MAKE WHOLE CALL: A type of call provision on a bond that allows the issuer to pay off

the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN: The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK: The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE: The price at which a security can be traded.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The final date upon which the principal of a security becomes due and payable.

MEDIUM TERM NOTES: Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION: The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MARKET: The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MONEY MARKET MUTUAL FUND: A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.

MORTGAGE PASS-THROUGH SECURITIES: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES: Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND: An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than

the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD): A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PASSBOOK SAVINGS ACCOUNT: A savings account in which deposits and withdrawals are recorded in the depositor's passbook.

PASS-THOUGH SECURITY: A pool of fixed income securities backed by a package of assets (i.e. mortgages) where the holder receives the principal and interest payments.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRINCIPAL: The face value or par value of an investment.

PRUDENT INVESTOR STANDARD: Is a standard defined under State Government Code Section 53600.3 that states when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City/Successor Agency to the Brea Redevelopment Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

PRUDENT PERSON (PRUDENT INVESTOR) RULE: A standard of responsibility which applies to fiduciaries. In California, the rule is stated as “Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes.”

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT: Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to bank customers whereby securities are held by the bank in the customer's name.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND SECURITIES AND EXCHANGE COMMISSION (SEC): The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

SECURITIES AND EXCHANGE COMMISSION (SEC) RULE 15c3-1: An SEC rule setting capital requirements for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

STRUCTURED NOTE: A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONAL: A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS: All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD TO MATURITY: The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.